

5048. Also, petition of the New York Tow Boat Exchange, New York City, opposing the passage of the Wagner bill (S. 2926); to the Committee on Labor.

5049. By the SPEAKER: Petition of the Profile Timber Corporation, opposing House bill 8301; to the Committee on Interstate and Foreign Commerce.

5050. Also, petition of the Woman's Press Club of New York City, opposing House bill 9323; to the Committee on Interstate and Foreign Commerce.

5051. Also, petition of the senior branch of the Sodality of the Blessed Virgin Mary of Mary Help of Christians Church of the city of New York; to the Committee on Merchant Marine, Radio, and Fisheries.

5052. Also, petition of the city of Clinton, Iowa, regarding the construction of Locks and Dam No. 13; to the Committee on Rivers and Harbors.

5053. Also, petition of numerous railway employees of southern Illinois, supporting House bills 9596 and 9597; to the Committee on Interstate and Foreign Commerce.

5054. Also, petition of W. H. Davis and others, supporting House bill 9596; to the Committee on Interstate and Foreign Commerce.

5055. Also, petition of Henry Cabral and others, supporting House bill 9596; to the Committee on Interstate and Foreign Commerce.

5056. Also, petition of the Junior Holy Name Society of St. Margaret Mary's Church, Bronx, N.Y.; to the Committee on Merchant Marine, Radio, and Fisheries.

5057. Also, petition of the Railroad Employees' National Pension Association, Inc., supporting Senate bill 3231 and House bills 9596 and 9597; to the Committee on Interstate and Foreign Commerce.

5058. By Mr. GOODWIN: Petition of W. S. Wilson, of Hudson, N.Y., opposing the National Industrial Act; to the Committee on Labor.

5059. By Mr. MILLARD: Petition signed by railway employees of the New York Central Railroad Co., urging the passage of House bill 9596 and amendments to the Railway Labor Act (H.R. 9689); to the Committee on Interstate and Foreign Commerce.

SENATE

FRIDAY, JUNE 8, 1934

(Legislative day of Wednesday, June 6, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, June 7, was dispensed with and the Journal was approved.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who announced that the President had approved and signed the following acts and joint resolution:

On June 4, 1934:

S. 2623. An act to amend the act entitled "An act to require the erection of fire escapes in certain buildings in the District of Columbia, and for other purposes", approved March 19, 1906, as amended.

On June 5, 1934:

S. 2745. An act to provide for changing the time of the meeting of Congress, the beginning of the terms of Members of Congress, and the time when the electoral votes shall be counted, and for other purposes; and

S. 3290. An act to amend an act entitled "An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes", approved July 15, 1932.

On June 6, 1934:

S. 308. An act to authorize the award of a decoration for distinguished service to Harry H. Horton;

S. 1073. An act for the relief of E. Walter Edwards;
S. 1081. An act for the relief of McKimmon & McKee, Inc.;

S. 1429. An act for the relief of Anthony J. Lynn;

S. 1932. An act for the relief of Alfred Hohenlohe, Alexander Hohenlohe, Konrad Hohenlohe, and Viktor Hohenlohe by removing cloud on title;

S. 2342. An act for the relief of I. T. McRee;

S. 2748. An act to authorize an appropriation for the reimbursement of Stelio Vassiliadis;

S. 2798. An act for the relief of Nephew K. Clark;

S. 3128. An act to pay certain fees to Maude G. Nicholson, widow of George A. Nicholson, late a United States commissioner;

S. 3307. An act for the relief of W. H. Le Duc; and

S.J.Res. 123. Joint resolution empowering certain agents authorized by the Secretary of Agriculture to administer oaths to applicants for tax-exemption certificates under the Cotton Act of 1934.

On June 7, 1934:

S. 3586. An act for the relief of George A. Fox.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

| | | | |
|----------|--------------|-------------|----------------|
| Adams | Costigan | Kean | Robinson, Ark. |
| Ashurst | Couzens | King | Robinson, Ind. |
| Austin | Cutting | La Follette | Russell |
| Bachman | Davis | Lewis | Schall |
| Bailey | Dickinson | Logan | Sheppard |
| Bankhead | Dieterich | Loneragan | Shipstead |
| Barkley | Dill | Long | Smith |
| Black | Erickson | McCarran | Steiwer |
| Bone | Fess | McGill | Stephens |
| Borah | Fletcher | McKellar | Thomas, Okla. |
| Brown | Frazier | McNary | Thomas, Utah |
| Bulkeley | George | Murphy | Thompson |
| Bulow | Gibson | Neely | Townsend |
| Byrd | Glass | Norbeck | Tydings |
| Byrnes | Goldsborough | Norris | Vandenberg |
| Capper | Gore | Nye | Wagner |
| Caraway | Hale | O'Mahoney | Walcott |
| Carey | Harrison | Overton | Walsh |
| Clark | Hatch | Patterson | Wheeler |
| Connally | Hatfield | Pittman | White |
| Coolidge | Hayden | Pope | |
| Copeland | Johnson | Reynolds | |

Mr. LEWIS. I announce the absence of the Senator from California [Mr. McAdoo], occasioned by illness; and the absence of the Senator from Wisconsin [Mr. DUFFY], the Senator from Florida [Mr. TRAMMELL], and the Senator from Indiana [Mr. VAN NUYS], who are necessarily detained. I ask that this announcement may stand for the day.

Mr. FESS. I desire to announce that the Senator from Delaware [Mr. HASTINGS], the Senator from Pennsylvania [Mr. REED], the senior Senator from Rhode Island [Mr. METCALF], the junior Senator from Rhode Island [Mr. HEBERT], the Senator from New Hampshire [Mr. KEYES], and the Senator from New Jersey [Mr. BARBOUR] are necessarily absent.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

PROGRAM OF THE ADMINISTRATION (H.DOC. NO. 397)

The VICE PRESIDENT. The Chair lays before the Senate a message from the President of the United States, which will be read.

The Chief Clerk read as follows:

To the Congress of the United States:

You are completing a work begun in March 1933, which will be regarded for a long time as a splendid justification of the vitality of representative government. I greet you and express once more my appreciation of the cooperation which has proved so effective.

Only a small number of the items of our program remain to be enacted, and I am confident that you will pass on them before adjournment. Many other pending measures are sound in conception, but must for lack of time or of adequate information be deferred to the session of the next Congress. In the meantime we can well seek to adjust many

of these measures into certain larger plans of governmental policy for the future of the Nation.

You and I, as the responsible directors of these policies and actions, may with good reason look to the future with confidence just as we may look to the past 15 months with reasonable satisfaction.

On the side of relief we have extended material aid to millions of our fellow citizens.

On the side of recovery we have helped to lift agriculture and industry from a condition of utter prostration.

But in addition to these immediate tasks of relief and recovery we have properly, necessarily, and with overwhelming approval determined to safeguard these tasks by rebuilding many of the structures of our economic life and of reorganizing it in order to prevent a recurrence of collapse.

It is childish to speak of recovery first and reconstruction afterward. In the very nature of the processes of recovery we must avoid the destructive influences of the past. We have shown the world that democracy has within it the elements necessary to its own salvation.

Less hopeful countries where the ways of democracy are very new may revert to the autocracy of yesterday. The American people can be trusted to decide wisely upon the measures taken by the Government to eliminate the abuses of the past and to proceed in the direction of the greater good for the greater number.

Our task of reconstruction does not require the creation of new and strange values. It is rather the finding of the way once more to known, but to some degree forgotten, ideals and values. If the means and details are in some instances new, the objectives are as permanent as human nature.

Among our objectives I place the security of the men, women, and children of the Nation first.

This security for the individual and for the family concerns itself primarily with three factors. People want decent homes to live in; they want to locate them where they can engage in productive work; and they want some safeguard against misfortunes which cannot be wholly eliminated in this man-made world of ours.

In a simple and primitive civilization homes were to be had for the building. The bounties of nature in a new land provided crude but adequate food and shelter. When land failed our ancestors moved on to better land. It was always possible to push back the frontier, but the frontier has now disappeared. Our task involves the making of a better living out of the lands that we have.

So, also, security was attained in the earlier days through the interdependence of members of families upon each other and of the families within a small community upon each other. The complexities of great communities and of organized industry make less real these simple means of security. Therefore, we are compelled to employ the active interest of the Nation as a whole through government in order to encourage a greater security for each individual who composes it.

With the full cooperation of the Congress we have already made a serious attack upon the problem of housing in our great cities. Millions of dollars have been appropriated for housing projects by Federal and local authorities, often with the generous assistance of private owners. The task thus begun must be pursued for many years to come. There is ample private money for sound housing projects; and the Congress, in a measure now before you, can stimulate the lending of money for the modernization of existing homes and the building of new homes. In pursuing this policy we are working toward the ultimate objective of making it possible for American families to live as Americans should.

In regard to the second factor, economic circumstances and the forces of nature themselves dictate the need of constant thought as to the means by which a wise government may help the necessary readjustment of the population. We cannot fail to act when hundreds of thousands of families live where there is no reasonable prospect of a living in the years to come. This is especially a national problem. Unlike most of the leading nations of the world, we have so

far failed to create a national policy for the development of our land and water resources and for their better use by those people who cannot make a living in their present positions. Only thus can we permanently eliminate many millions of people from the relief rolls on which their names are now found.

The extent of the usefulness of our great natural inheritance of land and water depends on our mastery of it. We are now so organized that science and invention have given us the means of more extensive and effective attacks upon the problems of nature than ever before. We have learned to utilize water power, to reclaim deserts, to recreate forests, and to redirect the flow of population. Until recently we have proceeded almost at random, making many mistakes.

There are many illustrations of the necessity for such planning. Some sections of the Northwest and Southwest, which formerly existed as grazing land, were spread over with a fair crop of grass. On this land the water table lay a dozen or 20 feet below the surface, and newly arrived settlers put this land under the plow. Wheat was grown by dry-farming methods. But in many of these places today the water table under the land has dropped to 50 or 60 feet below the surface, and the topsoil in dry seasons is blown away like driven snow. Falling rain, in the absence of grass roots, filters through the soil, runs off the surface, or is quickly reabsorbed into the atmosphere. Many million acres of such land must be restored to grass or trees if we are to prevent a new and man-made Sahara.

At the other extreme there are regions originally arid, which have been generously irrigated by human engineering. But in some of these places the hungry soil has not only absorbed the water necessary to produce magnificent crops, but so much more water that the water table has now risen to the point of saturation, thereby threatening the future crops upon which many families depend.

Human knowledge is great enough today to give us assurance of success in carrying through the abandonment of many millions of acres for agricultural use and the replacing of these acres with others on which at least a living can be earned.

The rate of speed that we can usefully employ in this attack on impossible social and economic conditions must be determined by businesslike procedure. It would be absurd to undertake too many projects at once or to do a patch of work here and another there without finishing the whole of an individual project. Obviously the Government cannot undertake national projects in every one of the 435 congressional districts, or even in every one of the 48 States. The magnificent conception of national realism and national needs that this Congress has built up has not only set an example of large vision for all time but has almost consigned to oblivion our ancient habit of pork-barrel legislation; to that we cannot and must not revert. When the next Congress convenes I hope to be able to present to it a carefully considered national plan covering the development and the human use of our natural resources of land and water over a long period of years.

In considering the cost of such a program it must be clear to all of us that for many years to come we shall be engaged in the task of rehabilitating many hundreds of thousands of our American families. In so doing we shall be decreasing future costs for the direct relief of destitution. I hope that it will be possible for the Government to adopt as a clear policy to be carried out over a long period the appropriation of a large, definite, annual sum so that work may proceed year after year not under the urge of temporary expediency but in pursuance of the well-considered rounded objective.

The third factor relates to security against the hazards and vicissitudes of life. Fear and worry based on unknown danger contribute to social unrest and economic demoralization. If, as our Constitution tells us, our Federal Government was established, among other things, "to promote the general welfare", it is our plain duty to provide for that security upon which welfare depends.

Next winter we may well undertake the great task of furthering the security of the citizen and his family through social insurance.

This is not an untried experiment. Lessons of experience are available from States, from industries, and from many nations of the civilized world. The various types of social insurance are interrelated; and I think it is difficult to attempt to solve them piecemeal. Hence I am looking for a sound means which I can recommend to provide at once security against several of the great disturbing factors in life—especially those which relate to unemployment and old age. I believe there should be a maximum of cooperation between States and the Federal Government. I believe that the funds necessary to provide this insurance should be raised by contribution rather than by an increase in general taxation. Above all, I am convinced that social insurance should be national in scope, although the several States should meet at least a large portion of the cost of management, leaving to the Federal Government the responsibility of investing, maintaining, and safeguarding the funds constituting the necessary insurance reserves.

I have commenced to make, with the greatest of care, the necessary actuarial and other studies necessary for the formulation of plans for the consideration of the Seventy-fourth Congress.

These three great objectives—the security of the home, the security of livelihood, and the security of social insurance—are, it seems to me, a minimum of the promise that we can offer to the American people. They constitute a right which belongs to every individual and every family willing to work. They are the essential fulfillment of measures already taken toward relief, recovery, and reconstruction.

This seeking for a greater measure of welfare and happiness does not indicate a change in values. It is rather a return to values lost in the course of our economic development and expansion.

Ample scope is left for the exercise of private initiative. In fact, in the process of recovery, I am greatly hoping that repeated promises that private investment and private initiative to relieve the Government in the immediate future of much of the burden it has assumed will be fulfilled. We have not imposed undue restrictions upon business. We have not opposed the incentive of reasonable and legitimate private profit. We have sought rather to enable certain aspects of business to regain the confidence of the public. We have sought to put forward the rule of fair play in finance and industry.

It is true that there are a few among us who would still go back. These few offer no substitute for the gains already made; nor any hope for making future gains for human happiness. They loudly assert that individual liberty is being restricted by government, but when they are asked what individual liberties they have lost they are put to it to answer.

We must dedicate ourselves anew to a recovery of the old and sacred possessive rights for which mankind has constantly struggled—homes, livelihood, and individual security. The road to these values is the way of progress. Neither you nor I will rest content until we have done our utmost to move further on that road.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, June 8, 1934.

The VICE PRESIDENT. The message will lie on the table and be printed.

SUPPLEMENTAL ESTIMATE OF APPROPRIATION—DISTINCTIVE PAPER FOR SECURITIES (S.DOC. NO. 202)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation for the Treasury Department for the fiscal year 1935, amounting to \$69,220, to cover the increased cost of distinctive paper for United States securities, which, with

the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

MANUFACTURE AND SALE OF MUNITIONS—PETITION

Mr. FRAZIER. I present a petition submitted by the executive committee of the International Reform Federation to the Senate of the United States and ask that it be printed in the RECORD and lie on the table.

The VICE PRESIDENT. Without objection, it is so ordered.

The petition is as follows:

To the honorable Senate of the United States:

Whereas world peace is impossible without world disarmament, both material and psychological;

Whereas the chief obstacles to disarmament come from manufacturers of war implements and their sinister influence over politics in various nations, according to the revelations concerning the makers of munitions contained in recent literature, especially in two books—"Merchants of Death" and "Iron, Blood, and Profits."

Whereas the arms agreement proposed by the League of Nations in 1919 never went into effect, though ratified by all smaller nations, because the great munitions-producing countries had all agreed that they must ratify in a body or not at all, and the United States refused to ratify because it did not wish to refuse to send arms to revolutionary governments in South and Central America;

Whereas the United States Government in that and similar decisions acted to protect the private manufacturers of munitions of war and bankers whose funds were invested in that antisocial international trade, which is a menace to our civilization;

Whereas the Department of State has on several occasions urged that it be given favorable consideration and President Hoover in a message on January 10, 1933, recommended that the Senate consent to its ratification;

Whereas President Franklin Roosevelt has expressed the hope that the representatives of the nations in the League of Nations may be able to agree upon a convention containing provisions for the supervision and control of the traffic in arms much more far-reaching than those which were embodied in the convention of 1925;

Whereas the Seventy-first Congress, by Public Resolution No. 98, approved June 27, 1930, responding to the long-standing demands of American war veterans, speaking through the American Legion, for legislation "to take the profit out of war", created a War Policies Commission, which reported recommendations on December 7, 1931, and on March 7, 1932, to decommercialize war and to equalize the burdens thereof, and these recommendations never have been translated into the statutes;

Whereas the Senate of the Seventy-third Congress has appointed a committee of five Senators, of which Senator Nye is chairman—

"(a) To investigate the activities of individuals and of corporations in the United States engaged in the manufacture, sale, distribution, import, or export of arms, munitions, or other implements of war; the nature of the industrial and commercial organizations engaged in the manufacture of or traffic in arms, munitions, or other implements of war; the methods used in promoting or effecting the sale of arms, munitions, or other implements of war; the quantities of arms, munitions, or other implements of war imported into the United States and the countries of origin thereof, and the quantities exported from the United States and the countries of destination thereof; and

"(b) To investigate and report upon the adequacy or inadequacy of existing legislation and of the treaties to which the United States is a party for the regulation and control of the manufacture of and traffic in arms, munitions, or other implements of war within the United States, and of the traffic therein between the United States and other countries; and

"(c) To review the findings of the War Policies Commission and to recommend such specific legislation as may be deemed desirable to accomplish the purposes set forth in such findings and in the preamble to this resolution; and

"(d) To inquire into the desirability of creating a Government monopoly in respect to the manufacture of armaments and munitions and other implements of war, and to submit recommendations thereon."

Therefore, we, the undersigned, the executive committee of the International Reform Federation, representing thousands of members of all branches of the Christian Church, respectfully petition Congress to add another duty to the Nye committee, viz:

To recommend to Congress a bill designed to protect Congress and official representatives of the people in the Federal Government—executive, legislative, and judicial—from political leaders, who because of voluntary contributions for political campaigns have exercised political pressure in moral crises which are destructive of the Constitution, the foundation rock of our Republic, from which our liberties and unprecedented prosperity have come and our departure from which has brought just penalty for our sins.

ROBERT WATSON, President.

JOHN W. ELLIOTT, Vice President.

GEORGE S. DUNCAN, Secretary.

W. W. MILLAN, Treasurer.

WILLIAM SHEAFE CHASE, Superintendent.

REPORTS OF COMMITTEES

Mr. STEPHENS, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3679. An act to place officers and men of the Coast Guard on the same basis as officers and men of the Navy with respect to Medals of Honor, Distinguished Service Medals, and Navy Crosses (Rept. No. 1290);

S. 3737. An act authorizing the Secretary of Commerce to dispose of certain lighthouse reservations, and for other purposes (Rept. No. 1291);

H.R. 6622. An act authorizing the Secretary of Commerce to lease certain Government land at Woods Hole, Mass. (Rept. No. 1292);

H.R. 8930. An act to provide for the construction and operation of a vessel for use in research work with respect to ocean fisheries (Rept. No. 1293); and

H.R. 9654. An act to authorize the Department of Commerce to make special statistical studies upon payment of the cost thereof, and for other purposes (Rept. No. 1294).

Mr. STEPHENS also, from the Committee on Claims, to which was referred the bill (H.R. 7161) to provide for the refund or abatement of the customs duty on altar candlesticks and cross imported for the Church of the Good Shepherd, Memphis, Tenn., reported it without amendment and submitted a report (No. 1337) thereon.

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 1601) to carry out the findings of the Court of Claims in the case of the Atlantic Works, of Boston, Mass., reported it with an amendment and submitted a report (No. 1295) thereon.

He also, from the Committee on Military Affairs, to which was referred the bill (S. 2539) for the relief of Anthony J. Constantino, reported it with an amendment and submitted a report (No. 1343) thereon.

Mr. BAILEY, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 3130. An act to extend the benefit of the United States Employment Compensation Act to Frank A. Smith (Rept. No. 1296);

H.R. 3243. An act for the relief of Harry E. Good, administrator de bonis non of the estate of Ephraim N. Good, deceased (Rept. No. 1297);

H.R. 3748. An act for the relief of Mary Orinski (Rept. No. 1298);

H.R. 4447. An act for the relief of Vertner Tate (Rept. No. 1299);

H.R. 4952. An act for the relief of Theodore W. Beland (Rept. No. 1300);

H.R. 5639. An act for the relief of Harriet V. Schindler (Rept. No. 1301);

H.R. 5835. An act for the relief of Ward J. Lawton, special disbursing agent, Lighthouse Service, Department of Commerce (Rept. No. 1302);

H.R. 5947. An act authorizing adjustment of the claim of the Western Union Telegraph Co. (Rept. No. 1303);

H.R. 6324. An act for the relief of Mabel Carver (Rept. No. 1304);

H.R. 7067. An act for the relief of St. Anthony's Hospital at Michigan City, Ind.; Dr. Russell A. Gilmore; Emily Molzen, nurse; and the Hummer Mortuary (Rept. No. 1305);

H.R. 7292. An act for the relief of the Boston Store Co., a corporation, Chicago, Ill. (Rept. No. 1306);

H.R. 7372. An act for the relief of Donald K. Warner (Rept. No. 1307); and

H.R. 7631. An act for the relief of Arthur A. Burn, Sr., and J. K. Ryland (Rept. No. 1308).

Mr. BAILEY also, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 3502. An act for the relief of the estate of William Bardel (Rept. No. 1308);

H.R. 3749. An act for the relief of Hunter B. Glasscock (Rept. No. 1310);

H.R. 5400. An act for the relief of Thomas F. Olsen (Rept. No. 1311);

H.R. 7736. An act for the relief of Rocco D'Amato (Rept. No. 1312); and

H.R. 9820. An act for the relief of the State of Nebraska (Rept. No. 1313).

Mr. GIBSON, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 4175. An act for the relief of Oscar C. Olson (Rept. No. 1314);

H.R. 4666. An act for the relief of Jerry O'Shea (Rept. No. 1315);

H.R. 4670. An act for the relief of Lyman D. Drake, Jr. (Rept. No. 1316);

H.R. 4957. An act for the relief of F. M. Peters and J. T. Akers (Rept. No. 1317); and

H.R. 5031. An act for the relief of Edith L. Peeps (Rept. No. 1318).

Mr. GIBSON also, from the Committee on Claims, to which was referred the bill (H.R. 4793) for the relief of Moses Israel, reported it with an amendment and submitted a report (No. 1319) thereon.

Mr. TOWNSEND, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 3146. An act for the relief of John W. Barnum (Rept. No. 1320);

H.R. 4082. An act for the relief of John J. Corcoran (Rept. No. 1321);

H.R. 4446. An act for the relief of E. E. Hall (Rept. No. 1322);

H.R. 4832. An act for the relief of Edgar Sampson (Rept. No. 1323); and

H.R. 5109. An act for the relief of Joe G. Baker (Rept. No. 1324).

Mr. TOWNSEND also, from the Committee on Claims, to which was referred the bill (H.R. 4395) for the relief of the General Warehousing Co., reported it with an amendment and submitted a report (No. 1325) thereon.

Mr. CAPPER, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H.R. 452. An act for the relief of Laura B. Crampton (Rept. No. 1326); and

H.R. 8683. An act for the relief of Stella E. Whitmore (Rept. No. 1327).

Mr. WHITE, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 3606. An act for the relief of William Sheldon (Rept. No. 1328);

H.R. 6350. An act for the relief of Arthur Smith (Rept. No. 1329);

H.R. 7107. An act for the relief of Frank Baglione (Rept. No. 1330);

H.R. 7264. An act for the relief of M. N. Lipinski (Rept. No. 1331);

H.R. 7387. An act for the relief of Royce Wells (Rept. No. 1332);

H.R. 7697. An act for the relief of William Chinsky (Rept. No. 1333); and

H.R. 8727. An act for the relief of the First State Bank & Trust Co., of Mission, Tex. (Rept. No. 1334).

Mr. SHEPPARD, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 3121. An act authorizing the Secretary of War to lease or to sell certain lands and buildings, known as "Camp Eagle Pass, Tex.", to the city of Eagle Pass, Tex. (Rept. No. 1338);

S. 3464. An act to retire Walter L. Rasasco with the rank of second lieutenant, Air Corps, United States Army (Rept. No. 1344); and

S. 3528. An act to grant permission to the Willard Family Association to erect a tablet at Fort Devens, Mass. (Rept. No. 1342).

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, to which were referred the following bill and joint resolution, reported them each without amendment and submitted reports thereon:

H.R. 5330. An act to amend the act of March 2, 1917, entitled "An act to provide a civil government for Puerto Rico, and for other purposes" (Rept. No. 1335); and

H.J.Res. 344. Joint resolution to amend the joint resolution entitled "Joint resolution for the relief of Porto Rico", approved December 21, 1928, to permit an adjudication with respect to liens of the United States arising by virtue of loans under such joint resolution (Rept. No. 1336).

Mr. PITTMAN, from the Committee on Foreign Relations, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H.R. 1769. An act for the relief of Jeannette S. Jewell (Rept. No. 1339); and

H.R. 7781. An act for the relief of Rosemund Pauline Lowry (Rept. No. 1340).

Mr. STEIWER, from the Committee on Indian Affairs, to which was referred the bill (S. 1508) providing for the final enrollment of the Indians of the Klamath Indian Reservation in the State of Oregon, reported it with amendments and submitted a report (No. 1341) thereon.

REGULATION OF TRAFFIC IN FOOD AND DRUGS

Mr. COPELAND. From the Committee on Commerce I report back favorably certain additional amendments—and I hope the last—to the food and drug bill, being Senate bill 2800, now on the calendar as Order of Business 520. Various amendments were considered and adopted by the committee. I ask that the bill be reprinted showing all the amendments.

The VICE PRESIDENT. Without objection, it is so ordered.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WAGNER:

A bill (S. 3762) to amend the Home Owners' Loan Act of 1933; to the Committee on Banking and Currency.

By Mr. McCARRAN:

A bill (S. 3763) relating to automatic promotions of Federal employees; to the Committee on Civil Service.

By Mr. McKELLAR:

A bill (S. 3764) to reduce the fee to accompany applications for entry as second-class matter of publications of limited circulation;

A bill (S. 3765) to enable the Postmaster General to withhold commissions on false returns made by postmasters; and

A bill (S. 3766) to amend the act entitled "An act authorizing the Postmaster General to adjust certain claims of postmasters for loss by burglary, fire, or other unavoidable casualty", approved March 17, 1882, as amended; to the Committee on Post Offices and Post Roads.

By Mr. STEIWER:

A bill (S. 3767) to credit the Klamath Indian tribal funds with certain amounts heretofore expended from tribal funds on irrigation works of the Klamath Reservation, Oreg.; to the Committee on Indian Affairs.

A bill (S. 3768) for the relief of F. T. Wade, M. L. Dearling, E. D. Wagner, and G. M. Judd; to the Committee on Claims.

By Mr. COOLIDGE:

A bill (S. 3769) to provide for legalizing the residence in the United States of certain classes of aliens;

A bill (S. 3770) to provide adjustment of status of certain aliens lawfully admitted without requirement of departure to foreign country; and

A bill (S. 3771) to authorize the deportation of the habitual criminal, to guard against the separation from their families of aliens of the noncriminal classes, and for other purposes; to the Committee on Immigration.

By Mr. McKELLAR:

A joint resolution (S.J.Res. 136) authorizing an appropriation for the expenses of the arbitration of the claim of George R. Jones Co., Inc., against the Government of Norway; to the Committee on Foreign Relations.

A joint resolution (S.J.Res. 137) designating or naming a certain mountain in the State of Tennessee "Mount Roosevelt", and for other purposes; to the Committee on Public Lands and Surveys.

MONETARY USE AND ACQUISITION OF SILVER—AMENDMENT

Mr. GORE (by request) submitted an amendment intended to be proposed by him to the bill (H.R. 9745) to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT OF THE BANKING ACT OF 1933—AMENDMENTS

Mr. BULKLEY submitted four amendments intended to be proposed by him to the bill (S. 3748) to amend certain sections of the Banking Act of 1933 and the Federal Reserve Act, and for other purposes, which were ordered to lie on the table and to be printed.

REGULATION OF TRAFFIC IN FOOD AND DRUGS—AMENDMENT

Mr. COSTIGAN submitted an amendment intended to be proposed by him to the bill (S. 2800) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics, and for other purposes, which was ordered to lie on the table and to be printed.

FINANCING OF HOME CONSTRUCTION AND REPAIR—AMENDMENT

Mr. WAGNER submitted an amendment intended to be proposed by him to the bill (S. 3603) to improve Nation-wide housing standards, provide employment, and stimulate industry; to improve conditions with respect to home mortgage financing, to prevent speculative excesses in new mortgage investment, and to eliminate the necessity for costly second mortgage financing, by creating a system of mutual mortgage insurance and by making provision for the organization of additional institutions to handle home financing; to promote thrift and protect savings; to amend the Federal Home Loan Bank Act; to amend the Federal Reserve Act; and for other purposes, which was referred to the Committee on Banking and Currency and ordered to be printed.

ADDITIONAL COPIES OF HEARINGS RELATIVE TO ST. LAWRENCE WATERWAYS TREATY

Mr. PITTMAN submitted the following concurrent resolution (S.Con.Res. 20), which was referred to the Committee on Printing:

Resolved by the Senate (the House of Representatives concurring), that in accordance with paragraph 3, of section 2, of the Printing Act approved March 1, 1907, the Committee on Foreign Relations of the Senate be, and is hereby, empowered to have printed for its use 2,000 copies of the hearings held before a subcommittee of said committee during the second session of the Seventy-second Congress, on the resolution (S.Res. 278), a resolution authorizing the Committee on Foreign Relations to make an investigation and to hold hearings respecting matters touching the St. Lawrence Waterways Treaty, part 1 and part 2.

STRENGTH OF OFFICER AND ENLISTED PERSONNEL OF THE ARMY

Mr. SHEPPARD submitted the following resolution (S.Res. 264), which was referred to the Committee on Military Affairs:

Resolved, That the Committee on Military Affairs, or any duly authorized subcommittee thereof, is authorized and directed to make an inquiry into the need for an increase in the present strength of the officer and enlisted personnel of the Regular Army of the United States.

LIABILITY OF POSTAL CONTRACTORS—MOTION TO RECONSIDER

Mr. COPELAND. Mr. President, I desire to enter a motion to reconsider the vote on the passage on June 6, 1934,

of House bill 7340, to authorize the Post Office Department to hold contractors or carriers transporting the mails by air or water on routes extending beyond the borders of the United States responsible in damages for the loss, rifling, damage, wrong delivery, depredations upon, or other mistreatment of mail matter due to fault or negligence of the contractor or carrier, or an agent or employee thereof.

I have no particular objection to the spirit of the bill, but I think in the form in which it was passed it is not as it should be; and I enter a motion to reconsider the vote whereby it was passed.

The PRESIDING OFFICER (Mr. POPE in the chair). The motion will be entered.

Mr. COPELAND. I now move that the House be requested to return the bill to the Senate.

The PRESIDING OFFICER. The question is on the motion of the Senator from New York.

The motion was agreed to.

Mr. COPELAND. I ask, in this connection, that a letter I have relative to the matter be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it will be so ordered.

The letter is as follows:

MAY 29, 1934.

H.R. 7340. To hold mail carriers liable for damages for loss, etc., of mail

HON. ROYAL S. COPELAND,
United States Senate, Washington, D.C.

DEAR SIR: H.R. 7340, which has passed the House and has been favorably reported by the Senate Post Office Committee, would, it appears to us, expose any steamship or aircraft carrying mail to claims for unlimited damages without any opportunity for adequate protection.

A large part of the foreign mail of the United States is carried by American vessels under mail contracts which make the contractor answerable in damages for loss, rifling, damaging, etc., of mail.

The pending bill gives the Government no additional protection with regard to mail thus carried under contract, but carriers of noncontract mail carrying smaller amounts of mail at poundage rates fixed many years ago would be very seriously affected by this bill.

Steamships are, from time to time, given mail in sacks to be carried to foreign destination. Except in the case of registered mail, no record is kept by the postal authorities or anyone else of the number of pieces in each sack or their identity or value. The carrier has no means of knowing the value. The rate of compensation is based on performance of service and not on responsibility in damages for the full value of any piece of mail lost.

Existing law authorizes the Post Office Department by fine to penalize the carrier for negligence in handling the mail and to deduct the amount of the fine from his mail pay, but the proposal now advanced to make the carrier of noncontract mail answerable in full damages seems to turn the Post Office Department into a collector of damages for the sender, without giving the carrier any opportunity to know the value of the mail when he accepts it.

No express company is so exposed. The Post Office itself in carriage of parcel post is open only to a limited liability. For ordinary mail the Government itself assumes no liability for damages, yet the proposed legislation would make the carrier heavily liable.

A similar bill, S. 3445, applicable to domestic railroads, was the subject of hearings before the Post Office Committee of the Senate, and the basic difficulties and objections to the principle of this legislation were there presented by representatives of the railroads.

We feel that the same injustice exists in H.R. 7340, and we hope it will not pass, and for this reason have given you our views as above.

Respectfully,

ROBERT H. PATCHIN,
Vice President, Grace Steamship Co.

THE STOCK EXCHANGE ACT

Mr. FLETCHER. Mr. President, there appeared in the New York Times on yesterday an editorial in relation to the Stock Exchange Act, which I ask to have printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE STOCK EXCHANGE ACT

Now that the stock exchange control bill has become law, Wall Street will doubtless call a truce in criticism of its more questionable provisions and begin quietly to make the necessary adjustments. The act, as amended, is far less drastic than had been supposed. The margin requirements, for example, turn out on closer scrutiny to be actually more liberal for some stocks than the exchange's own regulations. If the prices of these stocks should advance substantially, the new margin requirements would

automatically become greater (unless the Federal Reserve Board should decide otherwise), but this could only act as a stabilizing force in the market. The new regulations governing margins are not effective until October 1, and do not apply to outstanding margins until July 1, 1937; so no danger faces the market from forced selling out of accounts.

The new law, further, in its final section, repeals or modifies many of the most onerous restrictions previously existing under the Securities Act of 1933. Many critics of the Roosevelt policies have regarded that law as a greater obstruction to recovery than any other single measure yet enacted. In a careful analysis of the new amendments, published in yesterday's New York Times, Eustace Seligman, who has hitherto been one of the most vigorous critics of the Securities Act, expresses the opinion that the amendments remove at least four-fifths of the warranted objections to the original measure.

These amendments show that the administration is not entirely deaf to criticism, even if much of it comes from Wall Street, and they are at least an indication that if the present stock exchange control law proves to be in some respects ill-advised, it, too, will probably be modified.

Many provisions in the new measure may prove not mere vexatious restrictions but genuinely stabilizing influences. Those which attempt to curb manipulation and pools, and which require fuller and more frequent corporation reports, may eventually do a great deal to restore public confidence. There is little reason to suppose that the new measure, if administered by the Federal Reserve Board and the newly created commission with reasonable wisdom, will in the long run seriously lower the general level of security prices. It may, indeed, tend to reduce the total volume of transactions compared with what it might otherwise have been. No doubt this consideration has been one of the causes for the pessimism concerning the bill felt in some brokerage houses. Their gloom appears in recent weeks to have communicated itself unduly to their customers, and the sagging stock market has in turn affected business sentiment. But perhaps the financial community will soon begin to recognize that a few of its misgivings have been much greater than the facts justify.

INDIANS AT WORK—ARTICLE BY COMMISSIONER OF INDIAN AFFAIRS

Mr. CUTTING. Mr. President, I ask that there be inserted in the RECORD a very important article by the Commissioner of Indian Affairs, Mr. John Collier, entitled "Indians at Work", published in the Survey Graphic for June 1934.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

INDIANS AT WORK

By John Collier

A crisis is upon the Indians. Through soil erosion, through the allotment system, their lands are melting away. The remedy involves a radical change in their mode of life, great personal sacrifice, hard work. How the Indians have responded—their cooperation, their readiness to learn new ways and apply them—is told here by the Commissioner of Indian Affairs. The Wheeler-Howard bill, urged by President Roosevelt, essential to the reorganization of Indian economy, and to the provision of land for 150,000 landless Indians, is being resisted by numerous special interests and by some schools of opinion, and its fate in Congress is uncertain at this writing.

Is it too late for Indian tribes, wards of the Government, to demonstrate statesmanship? Have the Indians still a race to run?

The 12 months behind, even the 5 years behind, have supplied, for the Indians as a whole, merely the beginnings of a possible answer. Whether (ignoring the question of their capacity) the Indians shall be allowed to try to run their race at all is still an unanswered question. It is discussed below. But let us start at the point of clearest evidence and greatest hope.

That point is the Navajo Tribe and the Navajo regional plan. Forty-five thousand Indians, pure bloods and mostly non-English-speaking; in their religion, pre-Columbian; a nomad desert tribe, occupying nearly 25,000 square miles of desert land of wild, somber, and splendid beauty. They have multiplied nearly fourfold in 70 years. Their flocks have multiplied faster. They overpopulate and congest their barren range, and their sheep and goats desperately overgraze it. Their material standard of living is very low, indeed; their physical standard is high; their elan vital is irrepressible. They are esthetes, adventurers, gamblers, sportsmen, and nature mystics. They have not the peasant's submissiveness to work nor the bourgeois idolatry toward it.

And suddenly the Navajos have been faced with a crisis which in some aspects is nothing less than a head-on collision between immediate advantages, sentiments, beliefs, affections, and previously accepted preachments, as one colliding mass, and physical and statistical facts as the other.

The crisis consists in the fact that the soil of the Navajo Reservation is hurriedly being washed away into the Colorado River. The collision consists in the fact that the entire complex and momentum of Navajo life must be radically and swiftly changed to a new direction and in part must be totally reversed.

And the changes must be made, if made at all, through the choice of the Navajos themselves—a choice requiring to be renewed through months and years, with increasing sacrifices for necessarily remote and hypothetical returns, and with a hundred difficult technical applications.

Nor is the burden of sacrifice an equal one; indeed, those Navajos, individuals and families, who have the greatest power to prevent the collective sacrifice from being made, are the ones whose uncompensated individual sacrifice must be greatest.

It is the Navajos' past which has made their virtues. Their past still is, psychologically, their present. These virtues, aggressive and yet attractive and appealing, must not die from the new order which has suddenly become a matter of life or death. Yet can they live on? For human qualities are institutional products. The question is intense with sociological as well as with human interest.

About 10 months ago a joint committee of the Departments of Agriculture and Interior described the crisis and charted the emergency program. Soil erosion, they found, due to extreme overgrazing, had totally destroyed several hundred thousand acres of the Navajo range. It had seriously damaged millions of acres more. It was advancing not in arithmetical but in geometrical progression, and in 15, perhaps 20, years the Navajo Reservation would be changed to a divinely painted desert and the Navajos would be homeless on the earth.

Whereupon last July the Navajo tribal council and 2,000 other Navajos were brought together at Fort Wingate, N.Mex. With technical detail, through interpreters, and endless hours of discussion the facts were supplied them. And the condition precedent to an ultimate saving of the soil was stated with no sparing of words. That condition was a sacrifice of hundreds of thousands of their sheep and goats. But in addition there must be a planning of economic use for the whole reservation; range control, with redistribution of range privileges; an intensive revival of subsistence farming, irrigated and dry; a recasting and diminution of the road-building program; the fencing of areas of the range for soil experimentation, with total removal of stock from these areas; and erosion engineering and revegetative operations, under time pressure, throughout the wide region.

Nor could Government funds pay for all the needed innovations. The Navajos themselves must pay, in labor and money.

The Navajo Reservation is being washed into the Boulder Dam Reservoir. That reservoir's rate of silting has been computed upon a static erosion rate which is but a fraction of the present and speeding-up rate. Hence southern California, as well as New Mexico and Arizona, is involved with the Navajos in their crisis. Actually two-thirds of the silt being fed to Boulder Dam is washed from the Navajo lands.

Mandatory sheep and goat reduction, mandatory range control, Federal dominance over the Navajos' present and future program are already possible in law, and might be justified from the standpoint of national necessity.

But the Navajos were expressly and formally told that compulsion would not be used. This problem was their own and they, not the Government, must do the things necessary to its solution. A profound recasting of the economic and social life of a people must be sought through knowing consent of the people and must be forced through their own will, or it must fail.

How did the Navajos respond? The tribal council adopted the program, with the proviso that it must go by referendum to the whole Navajo people through those local chapters which are the ultimate units of Navajo government. The tribe adopted the program at this referendum.

Again, after 4 months, a more drastic and more fast-moving program went before the council, was by it submitted to the people, and was adopted. The Navajos through this decision surrendered 90,000 of their sheep.

And again, after 4 months, a yet more drastic program was submitted. It called for the immediate sacrifice of 150,000 Navajo goats and for coordinate adjustments that will cut the total of Navajo flocks by much more than one-third. The cost of this latest stock reduction will be \$225,000; the Government does not undertake to pay the bill, and the Navajos themselves are proposing to pay it, dependent on a Government loan to the tribe. This latest sacrifice was adopted by referendum and confirmed by the tribal council in early April.

Meantime, the positive tasks of erosion control are well under way. The technical direction is being supplied by the soil-erosion service of the Department of the Interior. The Navajos are themselves carrying out the projects. In February, at Washington, the Carnegie Institute presented a photographic display showing erosion as a menacing condition threatening many parts of the United States. The exhibit climaxed with photographs of model erosion-control operations. The pictures bore no local designations, but they were photographs of the engineering works not merely built with Navajo hands but planned, practically in their entirety, by the Navajos. Four hundred Navajos had worked at the projects, assisted by only two white men.

I do not believe that any white community in the United States would have met a complicated and profound, urgent challenge, entailing the upset of widely distributed but unequal vested property interests, with the spirit, the audacity and the resourcefulness which the Navajo Tribe has shown. Be it remembered that the Navajos are illiterates, in the main, and speak only the Navajo language, in the main. And that the women are, in most cases, the owners of the goats and sheep; and that goats and sheep are viewed by the Navajos emotionally, all but as human children.

Let me quickly sketch the social program, going beyond erosion and range control, now being put into effect by the Navajos and by the Government as their partner. First comes the drastic decentralization of Indian Service administration. The new

Navajo capital (called "Nee Alneeng", which means center of the Navajo world) will be the Indian service office of the whole reservation. Into it, whatever Washington authority can be legally transplanted will be transplanted. Under the pending Wheeler-Howard bill, discussed below, that will be substantially the whole authority of the Federal Government.

Here, likewise, will be the capital of the tribe—the headquarters of the tribal council.

But beyond this headquarters, decentralization will be carried to the more than 25 subagencies, each the center of the locally organized Navajos and the administrative office for the school work, health work, agricultural extension, erosion, law enforcement, and other services of the Government. These subagencies will be people's houses, and into them the formal schooling of the Navajos will be merged; indeed, if hopes are fulfilled there will be no formal schooling of the cloistered or standardized order. All educational work will start from, and end in, the community group. The Navajo language will be used coordinately with English; Navajos and the Government's workers with the Navajos will be bilingual in the future. The employees at these subagencies, and at the capital, will increasingly be (again, subject to the enactment of the Wheeler-Howard bill) Navajo Indians.

I have begun with this happy and inspiring example, and I will give one bright instance more because it testifies to what qualities there are in all Indians; and then I will pass to the gloomy side. For it will become evident that the Indians, now as before, are shrouded in gloom.

Last May President Roosevelt decided that 14,000 Indians in all parts of the Indian country should be admitted to emergency conservation camps, to work on reforestation, on water development, and erosion control. We were glad, but we were frightened. For the permission extended beyond the Pueblos, Pimas, Papagos, and Navajos, famed for their sobriety and their industry. It reached to the Oklahoma, Dakota, Montana, and Pacific coast tribes—to those Indians reputedly not willing to work and reputedly demoralized. Would the camps become centers of drink, of debauchery? Would the Indians respond to their opportunity and after they responded would they work?

The sequel has been, I believe, the most impressive event in Indian affairs in these "lonesome latter years" of Indian life. The Indians thronged to the camps and projects. The camps became and have uniformly remained (there has not arisen even one exception) models of orderly, happy living. The work projects, involving every kind of technical operation connected with forestry and with land conservation and use, have been pursued with better than mere industry—rather, with joyous ardor. Of all the technical and supervisory positions, more than 60 percent are now being efficiently filled by Indians, and the rank and file of the workers is 100 percent Indian. But the main significance is here: That the southwestern tribes have in no degree, in no particular excelled those of the other regions.

These Indians of the allotted areas have been, at the camps, like creatures released from prisons and dungeons. Once more they have been allowed to live in groups, to work in groups, and to work for a common good. They have furnished the solution of the so-called "problem of the American Indian." Just in such a way the Mexican peons of yesterday, now members of the recreated pueblos or ejidos of Old Mexico, have furnished the solution of the problem of the Indians south of the Rio Grande.

Because this article has space limits I shall now deal with only one other matter, the Wheeler-Howard Indian land and home-rule bill, and, in conclusion, with the objection raised against this bill, namely, that it tends toward an unfortunate segregation of the Indians.

Though this article will be published too late to have persuasive weight with the outgoing Congress, a description of the Wheeler-Howard bill will serve to give a perspective of the Indian situation as a whole and will tell what it is that the present administration seeks to do. President Roosevelt has thus summarized the intent of the bill:

"In offering the Indian these natural rights of man we will more nearly discharge the Federal responsibility for his welfare than through compulsory guardianship that has destroyed initiative and the liberty to develop his own culture."

The bill primarily drives against two states of fact—an Indian landholding system fatal, sinister, and dishonest, and a system of law which makes of the executive an unreviewable czar over Indian life.

The present system of land tenure was ushered in 57 years ago with the passage of the General Allotment Act. Previous to this time the soil of the various Indian reservations was owned in common, title resting in the tribe. Every member of a tribe had the right to occupy as much land as he could beneficially use; his house and other improvements passed on to his heirs, but he could not alienate and dispose of a square foot of tribal soil. Those reservations which escaped allotment have today as much and frequently more land than they contained 60 years ago.

Through the General Allotment Act the Government proceeded to break up the reservations, to attach to each Indian then living a tract of land as his individual property, and to throw the part of the reservations not used in this individual land distribution open to white settlement. Thus the Indian was to become an individualized farmer and assume all the white man's burden after a comparatively short trust period during which the privilege of mortgaging and selling his land was denied him.

After allotment the individualized land began to slip out of the Indian owners' hands at high speed. When the trust period ex-

pled or the Indian was declared "competent", he disposed of his land in short order, spent the proceeds, and went to live with his relatives. And when an allotted Indian died, the usual impossibility to make an equitable partition of the land forced its sale, not to Indians but to those who had the money to buy, to the waiting white people. Thus allotment dissipated—continues to dissipate—the Indian estate.

In 1887 the Indians were owners of 136,340,950 acres of the best land. In 1933 they were owners of 47,311,099 acres, of which a full 20,000,000 acres were desert or semidesert. The surface value of the Indian-owned lands had shrunk 90 percent in these 46 years. Of the residual lands, 7,032,237 acres (the most covetable of the remnant) were awaiting knock-down sale to whites—sale conducted by the Government itself, usually without reference to Indian choice. And of the usable land still owned by the allotted Indians, a full three-fourths was already possessed and used by whites under the allotment leasing system. Such land is tax-exempt, and the white lessees (cattlemen, sheepmen, farmers, and grain corporations) reap the benefit of tax exemption. Since 1887, 150,000 Indians have been rendered totally landless; and existing law—the practices mandatory or administratively inescapable under it—insured the dispossession of the remaining allotted Indians within the present generation.

What the Indians themselves have done or have left undone has been a negligible factor in the above-stated record. The allotment law and system intends and compels the transfer of Indian title to whites. Less swift than treaty-breaking with Indians or than outright rape of Indian lands, but surer and cheaper, bloodless and silent, the allotment law has fulfilled the civilizing intentions of the Government of 1887.

The facts of 1933 are the facts of today. I give some other facts of the workings and consequences of Indian land allotment.

The Indian lives in an ever-narrowing prison pen of allotment until his last acre is gone, and then he is summarily cast out from Federal responsibility. But the Indian Service, hardly less than the Indian, lives and endeavors to work in a prison pen of land allotment. Governmental appropriations into the millions each year, sorely needed for health service to Indians, for education, for relief, and for the economic rehabilitation of Indians, are of necessity diverted to the real-estate operations connected with the still shrinking allotted lands. Parli passu with the dwindling of the lands, the costs of administration rise. And there is no escape from these results under existing law.

I refer, of course, to the allotted areas, but these are all of the Indian country of Oklahoma and nearly all of the Indian country of Wisconsin, Minnesota, the Dakotas, Montana, Nebraska and Kansas, Wyoming, Oregon, Washington, and California.

The allotment system fights against all the human services attempted for Indians. Two Oklahoma cases will serve as examples, chosen because the bitterest of the embittered opposition to the Wheeler-Howard bill comes from whites.

At the Kiowa and Comanche Agency, the total Government expenditure—school costs aside—is \$80,000 a year. Of this total, only \$15,000 can be used for health, relief, reimbursable loans, agricultural extension and all the other human services. Sixty-five thousand is required for the real-estate operations of the allotted lands. Meantime the lands inexorably pass to whites by Government sale. About sixty of every hundred Indians in this jurisdiction are totally landless, all but a few are in poverty, and their needs for service are extreme. At most allotted jurisdictions the proportion of the landless Indians is greater than at this one.

On its work other than schools, the Five Civilized Tribes Agency of Oklahoma spends \$300,000 a year. All except \$60,000 of this total is devoured by the real-estate operations of the allotted lands. Of the 100,000 Five Tribes Indians, 72,000 are totally landless; the remaining lands are swiftly being forced into white ownership; and the per-capita income of the Five Tribes, omitting oil and mineral royalties paid to a few individuals, is \$47 a year. These Five Tribes possessed, 25 years ago, 15,000,000 acres of the best Oklahoma land; they now possess 1,500,000 acres.

Subdivision of inherited allotments on a hundred reservations has proceeded to that point where an individual equity is fixed by subdividing, for example, the sum 5,200 into the sum 114,307,200, and the Government solemnly pays each heir the value of a postage stamp once a month. The heir possesses an equity in 10, 30, or 50 separate allotments. Administration costs more than the total rental, even the total value of the lands. Not merely farming lands, but grazing properties and even forests have been fractionated to these vanishing dimensions, making impossible the working of their own assets by the allottees; and the fading Indian lands are dots within the sea of white ownership. Twenty-five years ago the areas were solidly Indian.

The Wheeler-Howard bill centers in the land problem. The bill's 48 pages are their own explanation, but the principles can be stated in a few words. Under the bill, individual allotted titles may be exchanged for equitable rights in a community title. Use of the land, ownership of the improvements, ownership of the rental value of the land, and the right to use an equal area or value of land within the community estate, is safeguarded and made into an inheritable vested right. The physical allotments may be inherited so long as their subdivision does not reach the point of destroying their economic use.

Under the bill, reservation areas are to be marked out for ultimate consolidation into unbroken Indian holdings. The new land procedures will apply only inside these consolidated areas. To buy the white-owned tracts and to purchase the Indian heirship lands for the communities, the bill authorizes \$2,000,000 a year. This grant will be used likewise for buying land on which

homeless Indians will be colonized. In addition, submarginal lands, now being purchased by the Government, will be furnished the Indian communities, and funds from the subsistence homestead appropriation will be used for experimental colonies.

Financial credit, which is now practically denied the Indians, is essential to the Wheeler-Howard plan, and the bill establishes a revolving fund of \$10,000,000, which will be a Federal grant, allocated to the Indian communities to be used by them as a revolving loan fund, capitalizing the individual and group enterprises.

The bill forbids any and all allotment of lands hereafter and forbids the sale of Indian lands to whites, and through many devices seeks to enable the Indians to repossess their lands now rented to whites and to become their own operators.

The so-called "home-rule provisions" of the Wheeler-Howard bill are geared with the land provisions, but their application is more general than that of the land provisions. Under existing law the Secretary of the Interior and Indian Commissioner practically are forced to stand as absolutists over the Indians. Usually their actions are exempt from court review. But they, in turn, are victims of the mandatory allotment system and of an appropriation and budgeting system which conceals facts and which freezes Government moneys into outmoded and sometimes even fictitious uses, leaving Congress itself helpless to control the expenditures, while the Indian office is no less helpless and the Indian is kept in the dark.

The total effect of these above conditions has been to impose on the Indian service an extreme centralization at the Washington office. The free movement of ideas, of experimentation and of local adjustment is impeded everywhere, and in the allotted areas is all but prohibited. There has been a wealth of bold effort and of truly creative initiative within the Indian Service during the last 4 or 5 years, and by main strength and awkwardness, as it were, some of this innovation has been pushed through to the Indians' actual life in the 200 reservations. But the autocratic and centralized system practically defies the human effort, and the best administration, whether from the headquarters or from the field, is as water poured into the labyrinthine sands of bureaucracy, which is forbidden by law to reorganize itself.

The Wheeler-Howard bill cuts through the tangle of legal compulsions and inhibitions and provides for a radical decentralization of the Indian Service. Indians may organize and become chartered for any of the tasks or interests of their own lives; their organization may be geographical or functional, according to their wishes or requirements. When organized, the chartered Indian communities become instrumentalities of the Federal Government. Doing less or more according to the facts of the innumerable variable cases, these communities in their fullest development may become wholly self-governing, subject only to Congress and the Constitution. Any function of Indian Service, with the appurtenant Federal moneys, may be transferred to these communities. The communities in turn may enter into contract with States, counties, and any other local institutions.

A special Indian civil service is created by the bill, and communities may appoint their qualified members for any position of local Indian service, and power of recall over local government employees is given to the communities.

The bill in its title 2 broadens the authority for Indian educational work, and through a system of loans and scholarship grants opens the colleges and the professional and technical schools to Indian youth.

Title 4 of the bill sets up a court of Indian affairs, with functions, ministerial as well as judicial, and brings the Indian Service and the Indian communities under the review of this court. Through this court the constitutional rights will be insured, including minority rights, religious rights, and the due process of law in matters of life and property which are necessarily withheld from Indians under the present system.

I conclude with some necessary remarks directed to the only reasoned criticism which has been brought against the Wheeler-Howard bill and the Roosevelt-Ickes Indian policy. The bill and policy, it is contended, make for racial segregation and would wall the Indians off from civilization and from modern opportunity. To meet the contention is to bring the Indian situation under a sociological searchlight.

Where the trend or drift of a race has gone in one direction—in the case of most of the Indians, downhill—for a hundred years more or less, there cannot be any sudden or easy reversal of the trend. Subtle and deep readjustments, sociological, psychological, and even biological, take place within peoples; human beings make structural adaptations to the life-limiting environment. The prison psychosis would furnish an illustration.

Space limits forbid the pursuit of this analysis, but as a practical matter, the Indian Service task has to be visioned in relation to such facts as the following:

The extreme poverty of the Indians, which was recognized as a controlling factor by the Institute for Government Research in 1928, continues unrelieved. Indeed, with data greatly enriched, the fact of Indian poverty has become more impressive. The shrinkage of landholdings, due to allotment, actually is smaller than the shrinkage of capital funds. These have disappeared altogether, in the cases of scores of tribes.

Earned income and subsistence production have continued at an almost unbelievably low level. Only when the land system is examined do the facts become credible, especially in the light of the proved readiness of Indians to work, and their ability to work efficiently, as displayed in emergency activities during the past year.

The incomplete returns have now been tabulated from 10 allotted areas in the six States of South Dakota, North Dakota, California, Kansas, Montana, and Oklahoma. The studies were made by competent investigators employed under a Civil Works grant. Case records were made for families containing 38,772 individuals. The per capita per year income was found to be \$47.78, after excluding the oil and mineral royalties paid to a handful of individuals in these 10 areas.

This per capita income—\$47.78—represents the earned income and the lease money and the market value of goods produced or consumed. These Indians have consumed no more than \$47.78 worth of goods in the year. The ascertained figure is higher, not lower, than it would be in an average year, because Federal emergency expenditures, on works projects in the Indian country, were rising toward their peak during the time of the survey.

The poverty of the Indians contributes to their continuing morbidity and death rates. The death rate, taking the Indians as a whole, continues at twice the death rate of the general population, including the Negroes. Tuberculosis, with an Indian death rate more than seven times the white, is not yet being controlled. Trachoma is uncontrolled although clinical treatment has been multiplied tenfold since 1925.

Less tangible, but no less important, are the registrations of economic inferiority in the mental and social reactions of the Indians. Between the elder and younger generations, suppressed or open conflict rages. Between the pure bloods and the mixed bloods, conflict rages. Between the allotted Indians and the Government, conflict rages. Rarely, where these conflicts go on, are the causes understood by the Indians. The causes are objective and imminent, residing as they do in the allotment system, in the dictatorial and centralized Bureau management, and in the segregation forced upon the Indians by their poverty and their underequipment. But the conflicts, psychologically analyzed, are essentially neurotic conflicts—compensations, escapes, and rationalizations of misery. And in the allotted areas, it is largely out of the question to recapture and harness these neurotic energies for practical social tasks, because the tasks are forbidden by the law and the system.

The total effect of these and related conditions is to degrade the Indian social level, and the degradation goes steadily forward. The real values of the Indian are driven inward, insulated from world contact, and compelled to face toward remembered glory, remembered plenty, and power. And assimilation, whether biological or social, becomes for Indians, with each passing year, an assimilation into still inferior levels of the white life.

The Indian Rights Association, in company with some of the missionaries, fears the policies of Secretary Ickes' administration, and looks with doubt on the Wheeler-Howard bill, on the ground, stated above, that the policies and the bill are working toward the segregation of Indians. I have stated the facts of Indian poverty because, from any point of view, they are controlling in the appraisal of the Indian situation, but also because they dispose, I believe, of the segregation argument. The Indians today are segregated by factors all-penetrating, infinitely more potent than mere geographical segregations could ever be. Their extreme poverty segregates them. Their inferiority status in law intensifies their segregation. Their infectious diseases segregate them. Their inferiority sentiment, elaborately planted at the center of their consciousness by deliberate governmental policy as well as by the unintended action of poverty, effectually segregates them.

Their ancient interests and loyalties, which are far from being extinct, are by these same conditions imprisoned, and denied the chance to partake in social action, to salvage themselves through development and change.

And the Indian, in his profounder psyche, is condemned to that which could be termed a "social-psychic infantilism," a dream-escape to the social mother—that social mother who, to the Indian, is always his own tribe. Yet even this escape takes with it a conflict into the very heart of the Indian's life. Due to the rendering of the ancient values powerless by social segregation, insecurity, and inferiority haunt even this inmost refuge or shrine.

The mechanisms and policies of the Wheeler-Howard bill are, first and last, a prescription for bringing this Indian segregation to an end.

HAWAII, THE OUTCAST—EDITORIAL FROM THE HONOLULU TIMES

Mr. KEAN. Mr. President, at the request of the Senator from Rhode Island [Mr. METCALF] I ask that there be inserted in the RECORD an editorial from the Honolulu Times of April 28, 1934, entitled "Hawaii, the Outcast."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

HAWAII, THE OUTCAST

Hawaii, kicked out of the Union by the recent act of Congress which says, in effect, that this American Territory is not an integral part of the United States, stands now in the position of Lazarus waiting for the crumbs to fall from the rich man's table.

Having been denied its just rights, Hawaii is humbly asking for charity.

Having been told by the National Legislature that we have no rights which the Federal Government is bound to respect, that we exist only by sufferance, and that we may produce only so much of our principal crop as the Secretary of Agriculture in his boundless wisdom and the kindness of his heart shall say we may, we must now humbly beg of him that our industry and prosperity be not entirely destroyed.

A few kind words have been thrown to us as a bone might be tossed to a hungry dog.

Those who engineered, through Congress, the Jones-Costigan sugar control bill, with its infamous provision that Hawaii, in common with Puerto Rico, the Philippines, and the Virgin Islands, may produce only as much sugar as Mr. Wallace, within certain broad limitations, shall permit, are now soothingly telling us that we may be sure of getting a fair deal.

Fair deal? We already have been given a raw deal. Any administrative mitigation of the harshness of that raw deal can come only as charity, not as justice.

For justice has been denied us.

For the moment Hawaii is helpless. Her business envoys, together with her official representative in Washington, can only go, hat in hand, to the Secretary of Agriculture and plead with him not too drastically to reduce the amount of sugar this Territory may produce.

The best that can be hoped for is that the Government official who has been created by act of Congress the czar of the sugar industry and the absolute master of the destinies of Hawaii and its 360,000 people will extend to us a little of the charity he and his fellows in the administration have for Cuba and Wall Street.

The prospects, it must be admitted, are not encouraging. For Secretary Wallace has put himself on record as believing that the American sugar industry ought to be completely destroyed because it is not "economically efficient." Mr. Wallace, however, says the time has not yet come to do away with the entire American sugar industry—but he can at least make a beginning by crippling the sugar industry of Hawaii.

And Senator COSTIGAN, who worked the sugar control bill through Congress, has stated publicly that the time may come when it will be advisable to put an end to the insular sugar industry. That, insofar as the production of American sugar is concerned, would give a monopoly to his own Colorado and the other beet-sugar States.

It may be that Secretary Wallace may be charitably inclined and will allot Hawaii a sugar quota not greatly less than the amount of sugar now produced. But that will not be justice; it will be charity.

Hawaii would stand in a far better position if Congress had fixed a quota for the Territory, just as it did for the mainland sugar industry, even though that quota might be much smaller than may be allotted by the Secretary of Agriculture. For it would at least have been recognition of the fact that Hawaii is an integral part of the United States and entitled to the same treatment as that accorded other parts of the Union. It would have been recognition of Hawaii's rights as a part of the Union.

But Hawaii's rights have been denied; and the implications of that denial are ominous.

If in the matter of sugar production Hawaii can be treated differently than the rest of the United States, then Hawaii can be treated differently in any and all other matters.

If, while allotting to the mainland sugar States a sugar quota equal to or approximating the amount heretofore produced, Congress can legally give the Secretary of Agriculture authority to reduce Hawaii's sugar production by 200,000 tons, then Congress can legally authorize him to prohibit the production of any sugar at all in Hawaii.

And if the production of sugar may be so limited or prohibited, then the same is true of pineapples, potatoes, taro, and dried squid.

Nor are Hawaii and the Hawaiian sugar industry alone in being placed in jeopardy by the act of Congress limiting sugar production. The mainland sugar States fare well in the present allotment of quotas, but what assurance is there that they will always fare well?

If, for the sake of aiding Cuba and the Cuban sugar industry, Congress can limit the amount of American sugar produced, then it is conceivable that some day an administration unduly friendly to France might wish to aid that country by prohibiting the manufacture of wine in America. Or it might be felt desirable to curry friendship with Japan by forbidding Americans to engage in industries that compete with the industries of the Japanese.

Limitation of the amount of sugar that shall be produced in the United States is not on the same footing as the restrictions on cotton production imposed by the Bankhead cotton control bill. For the United States has been producing more cotton than could be used in this country and more than could profitably be sold abroad, with the result that the price of cotton had dropped to a calamitous level and the cotton industry was in dire straits. Limitation of production of cotton is intended to increase the price.

But only about one-third as much sugar is produced in the United States, including Hawaii, as is consumed in the country. The comparatively low price is not due to domestic overproduction but to overproduction in Cuba. It is Cuba, not American growers, that the Jones-Costigan bill is intended to help.

Nor does the Jones-Costigan bill contemplate any material increase in the price of sugar. On the contrary, President Roosevelt and his administration insist that the price to the consumer shall not be increased. And it is difficult to see how sugar producers, at least those in Hawaii, are to be helped by the complicated and vague provisions for a processing tax.

However, all those things are details comparatively unimportant. What is important, and serious, is that Congress has read Hawaii out of the Union, denied the Territory its just rights and compelled it to beg for charity.

And that is precisely what, it seems, the Territory must do, or at least what is expedient to do, for the present.

But Hawaii cannot afford to let the matter ride. The issue has been raised and it must be determined in the only way it can be effectively and permanently determined, by an appeal to the courts. Insofar as the Jones-Costigan bill affects Hawaii, it seems to be plainly unconstitutional. But only the Supreme Court of the United States can say so finally.

If the law is held constitutional as regards Hawaii, then the Territory must resign itself to being an unwanted stepchild and to accepting humbly as charity what it has been accustomed to regard as rights.

MEMORIAL DAY—ARTICLE BY A. DONALD ANDERSON

Mr. LONG. Mr. President, I ask unanimous consent to place in the RECORD an article entitled "Memorial Day", by A. Donald Anderson, I believe the Members of the Senate would like to read it.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MEMORIAL DAY

By A. Donald Anderson

Today is Memorial Day. At a monument symbolic to the lives of millions of gallant soldiers men will speak a tribute and offer prayers for those fallen heroes. They will go on to say how gloriously they fought, and how grand a privilege it is to serve one's country, that we all, each and every one of us, should feel as though the supreme sacrifice, while fighting for one's country (regardless of the cause) is a death to be greeted with a smile; nothing is greater nor more honorable. Arrested by the beautiful march music, the pictures of honor, reward, and glory painted with the words of masterful orators, some of the young audience would, if asked, enroll there at the foot of the tombstone of the Unknown Hero.

Tomorrow Memorial Day will be yesterday. We will not be attracted by scheduled speeches and prayers and the beautifully composed march music nor the memory of the dead heroes. We will read of public leaders who, with all their strength, pleaded and urged men to go to the front to defend their country and its material wealth, but who are now denouncing and damning every effort to pay the soldiers or their survivors a cash bonus. We are attracted by the marching of the hungry, the roaming of the homeless, the cry of pain of those in agony. We see heroes of that war, and wars before, so badly physically wrecked that death alone will end their sufferings. Amongst those cast into the streets to be trod upon are the survivors of men of war because selfish, cruel, and unjust laws do not provide for them as they should.

What price glory! What price hypocrisy! What price for material greed!

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 3041. An act to effectuate the purpose of certain statutes concerning rates of pay for labor, by making it unlawful to prevent anyone from receiving the compensation contracted for thereunder, and for other purposes;

S. 3211. An act to extend the times for commencing and completing the construction of a bridge across the Chesapeake Bay between Baltimore and Kent Counties, Md.;

S. 3540. An act to amend section 32 of the Emergency Farm Mortgage Act of 1933; and

S. 3640. An act granting the consent of Congress to the Tensas Basin Levee Board of the State of Louisiana to construct, maintain, and operate a free highway bridge across Bayou Bartholomew at or near its mouth in Morehouse Parish, La.

The message also announced that the House had passed the following bills of the Senate, severally with an amendment, in which it requested the concurrence of the Senate:

S. 74. An act to authorize payment of expenses of formulating claims of the Kiowa, Comanche, and Apache Indians of Oklahoma against the United States, and for other purposes;

S. 2046. An act to provide relief for disbursing officers of the Army in certain cases; and

S. 3615. An act authorizing the county of Wahkiakum, a legal political subdivision of the State of Washington, to construct, maintain, and operate a bridge and approaches thereto across the Columbia River between Puget Island and the mainland, Cathlamet, State of Washington.

The message further announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 2647. An act prescribing the procedure and practice in condemnation proceedings brought by the United States of America, conferring plenary jurisdiction on the district courts of the United States to condemn and quiet title to land being acquired for public use, and for other purposes; and

S. 3502. An act authorizing the Oregon-Washington Bridge Commission to construct, maintain, and operate a toll bridge across the Columbia River at or near Astoria, Oreg.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate;

H.R. 4554. An act to amend section 4808 of the Revised Statutes (U.S.C., title 24, sec. 3) to prevent discriminatory reductions in pay of the retired personnel of the Navy and Marine Corps;

H.R. 5791. An act to add certain lands to the Challis National Forest;

H.R. 8460. An act to amend section 392 of title 5 of the United States Code;

H.R. 8539. An act to authorize the attendance of the Marine Band at the United Confederate Veterans' 1934 Reunion at Chattanooga, Tenn.;

H.R. 8728. An act authorizing the Secretary of War to lease or to sell certain lands and buildings, known as "Camp Eagle Pass, Tex.," to the city of Eagle Pass, Tex.;

H.R. 8954. An act to amend an act approved June 14, 1932 (47 Stat. 306), entitled "An act granting the consent of Congress to the States of Montana and Wyoming to negotiate and enter into a compact or agreement for division of the waters of the Yellowstone River";

H.R. 9145. An act to authorize the attendance of the Marine Band at the National Encampment of the Grand Army of the Republic to be held at Rochester, N.Y., August 14, 15, and 16, 1934;

H.R. 9233. An act authorizing associations of producers of aquatic products;

H.R. 9391. An act to provide for a census of unemployment, employment, and occupations to be taken as of November 12, 1934, and for other purposes;

H.R. 9547. An act to amend section 766 of the Revised Statutes, as amended;

H.R. 9571. An act granting the consent of Congress to the county commissioners of Essex County, in the State of Massachusetts, to construct, maintain, and operate a free highway bridge across the Merrimack River, in the city of Lawrence, Mass.;

H.R. 9618. An act authorizing the Sistersville Bridge board of trustees to construct, maintain, and operate a toll bridge across the Ohio River at Sistersville, Tyler County, W. Va.;

H.R. 9645. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Washington, Mo.;

H.R. 9646. An act to authorize the acquisition of additional land for the Upper Mississippi River Wild Life and Fish Refuge; and

H.R. 9829. An act to amend the Agricultural Adjustment Act with respect to the processing tax on hogs.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H.R. 311. An act for the relief of Martin Henry Waterman, deceased;

H.R. 1405. An act for the relief of Yosemite Lumber Co.;

H.R. 2035. An act for the relief of Jennie Bruce Gallahan;

H.R. 2287. An act for the relief of Warren Burke;

H.R. 2632. An act for the relief of Lula A. Densmore;

H.R. 2748. An act for the relief of A. C. Francis;

H.R. 2749. An act for the relief of E. B. Rose;

H.R. 3167. An act for the relief of Sue Hall Erwin;

H.R. 3353. An act to provide a preliminary examination of Stillaguamish River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 3354. An act to provide a preliminary examination of Snohomish River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 3362. An act to provide a preliminary examination of the Nooksack River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 3363. An act to provide a preliminary examination of Skagit River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 3423. An act for the relief of Benjamin Wright, deceased;

H.R. 3768. An act to change the name of the retail liquor dealers' stamp tax in the case of retail drug stores or pharmacies;

H.R. 3992. An act for the relief of C. A. Betz;

H.R. 4272. An act for the relief of Annie Moran;

H.R. 4541. An act for the relief of George Dacas;

H.R. 4932. An act for the relief of Judd W. Hulbert;

H.R. 4962. An act for the relief of Joseph B. Lynch;

H.R. 5175. An act to provide a preliminary examination of the Green River, Wash., with a view to the control of its floods;

H.R. 5312. An act to provide for the conveyance of the abandoned lighthouse reservation and buildings, including detached tower, situate within the city limits of Erie, Pa., to the city for public-park purposes;

H.R. 5522. An act to amend the Standard Baskets Act of August 31, 1916, to provide for a 1-pound Climax basket for mushrooms;

H.R. 5597. An act to afford permanent protection to the watershed and water supply of the city of Coquille, Coos County, Oreg.;

H.R. 5636. An act for the relief of Jose Ramon Cordova;

H.R. 5665. An act authorizing the control of floods in the Salmon River, Alaska;

H.R. 5780. An act for the relief of Lt. H. W. Taylor, United States Navy;

H.R. 5823. An act to authorize the purchase by the city of McMinnville, Oreg., of certain tracts of public lands and certain tracts reverted in the United States under the act of June 9, 1916 (39 Stat. 218);

H.R. 5935. An act for the relief of Oscar P. Cox;

H.R. 6246. An act granting 6 months' pay to Annie Bruce;

H.R. 6847. An act providing for the acquisition of additional lands for the naval air station at Hampton Roads Naval Operating Base, Norfolk, Va.;

H.R. 6890. An act for the relief of Mrs. Pleasant Lawrence Parr;

H.R. 7028. An act for the relief of Mrs. Joseph Roncoli;

H.R. 7185. An act to authorize the purchase by the city of Forest Grove, Oreg., of certain tracts of public lands and certain tracts reverted in the United States under the act of June 9, 1916 (39 Stat. 218);

H.R. 7299. An act to authorize the Post Office Department to hold contractors responsible in damages for the loss, rifling, damage, wrong delivery, depredation upon, or other mistreatment of mail matter due to fault or negligence of the contractor or an agent or employee thereof;

H.R. 7360. An act to establish a minimum area for the Great Smoky Mountains National Park, and for other purposes;

H.R. 7367. An act for the relief of Sarah Smolen;

H.R. 7653. An act to authorize the establishment of the Ocmulgee National Monument in Bibb County, Ga.;

H.R. 7759. An act to amend the law relating to timber operations on the Menominee Indian Reservation in Wisconsin;

H.R. 8234. An act to provide a preliminary examination of the Paint Rock River in Jackson County, Ala., with a view to the control of its floods;

H.R. 8541. An act to provide for the enrollment of members of the Menominee Indian Tribe of the State of Wisconsin;

H.R. 8562. An act to provide for a preliminary examination of the Connecticut River, with a view to the control of

its floods and prevention of erosion of its banks in the State of Massachusetts;

H.R. 8779. An act to authorize the Secretary of Agriculture to adjust claims to so-called "Olmstead lands" in the State of North Carolina;

H.R. 8927. An act to define the exterior boundaries of the Navajo Indian Reservation in Arizona, and for other purposes;

H.R. 9064. An act granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Grand Calumet River near Clark Street, in Gary, Ind.;

H.R. 9141. An act granting the consent of Congress to the State of Alabama, its agent or agencies, and to Colbert County and to Lauderdale County in the State of Alabama, and to the city of Sheffield, Colbert County, Ala., and to the city of Florence, Lauderdale County, Ala., or to any two of them, or to either of them, to construct, maintain, and operate a bridge, and approaches thereto, across the Tennessee River at a point between the city of Sheffield, Ala., and the city of Florence, Ala., suitable to the interests of navigation;

H.R. 9180. An act relating to the incorporation of Columbus University of Washington, District of Columbia, organized under and by virtue of a certificate of incorporation pursuant to the incorporation laws of the District of Columbia as provided in subchapter 1 of chapter 18 of the Code of Laws of the District of Columbia;

H.R. 9313. An act to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.;

H.R. 9320. An act to further extend the times for commencement and completing the construction of a bridge across the Missouri River at or near Garrison, N.Dak.;

H.R. 9392. An act to reclassify terminal railway post offices;

H.R. 9400. An act to exempt from taxation certain property of the American Legion in the District of Columbia;

H.R. 9430. An act to provide a preliminary examination of the Cowlitz River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 9431. An act to provide a preliminary examination of Chehalis River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 9432. An act to provide a preliminary examination of the Lewis River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 9433. An act to provide a preliminary examination of Columbia River and its tributaries in the State of Washington, with a view to the control of its flood waters;

H.R. 9434. An act granting the consent of Congress for the construction of a dike or dam across the head of Camas Slough (Washougal Slough) to Lady Island on the Columbia River in the State of Washington;

H.R. 9567. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.;

H.R. 9585. An act authorizing the city of Sault Ste. Marie, Mich., its successors and assigns, to construct, maintain, and operate a bridge across the St. Marys River at or near Sault Ste. Marie, Mich.;

H.R. 9694. An act to amend the Emergency Railroad Transportation Act, 1933, approved June 16, 1933; and

H.J.Res. 340. Joint resolution to harmonize the treaties and statutes of the United States with reference to American Samoa.

PROCEDURE AND PRACTICE IN CONDEMNATION PROCEEDINGS

The PRESIDING OFFICER (Mr. COPELAND in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 2647) prescribing the procedure and practice in condemnation proceedings brought by the United States of America, conferring plenary jurisdiction on the district courts of the United States to condemn and quiet title to land being acquired for public use, and for other purposes.

Mr. ASHURST. I move that the bill with the amendments of the House be referred to the Committee on the Judiciary.

The motion was agreed to.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred or ordered to be placed on the calendar as indicated below:

H.R. 4554. An act to amend section 4808 of the Revised Statutes (U.S.C., title 24, sec. 3) to prevent discriminatory reductions in pay of the retired personnel of the Navy and Marine Corps;

H.R. 8539. An act to authorize the attendance of the Marine Band at the United Confederate Veterans' 1934 reunion at Chattanooga, Tenn.; and

H.R. 9145. An act to authorize the attendance of the Marine Band at the national encampment of the Grand Army of the Republic to be held at Rochester, N.Y., August 14, 15, and 16, 1934; to the Committee on Naval Affairs.

H.R. 5791. An act to add certain lands to the Challis National Forest; and

H.R. 8954. An act to amend an act approved June 14, 1932 (47 Stat. 306), entitled "An act granting the consent of Congress to the States of Montana and Wyoming to negotiate and enter into a compact or agreement for division of the waters of the Yellowstone River"; to the Committee on Public Lands and Surveys.

H.R. 8460. An act to amend section 392 of title 5 of the United States Code; to the Committee on Post Offices and Post Roads.

H.R. 8723. An act authorizing the Secretary of War to lease or to sell certain lands and buildings, known as "Camp Eagle Pass, Tex.", to the city of Eagle Pass, Tex.; to the Committee on Military Affairs.

H.R. 9547. An act to amend section 766 of the Revised Statutes, as amended; to the Committee on the Judiciary.

H.R. 9571. An act granting the consent of Congress to the county commissioners of Essex County, in the State of Massachusetts, to construct, maintain, and operate a free highway bridge across the Merrimack River, in the city of Lawrence, Mass.; and

H.R. 9645. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Washington, Mo.; to the Committee on Commerce.

H.R. 9646. An act to authorize the acquisition of additional land for the Upper Mississippi River Wild Life and Fish Refuge; to the Committee on Agriculture and Forestry.

H.R. 9233. An act authorizing associations of producers of aquatic products; and

H.R. 9391. An act to provide for a census of unemployment, employment, and occupations to be taken as of November 12, 1934, and for other purposes; to the calendar.

THE WORK OF CONGRESS

Mr. FESS obtained the floor.

Mr. ASHURST. Mr. President, will the Senator yield to me?

Mr. FESS. I yield to the Senator from Arizona.

Mr. ASHURST. I thank the Senator.

Mr. President, I have received a number of telegrams from Arizona protesting against the adjournment of Congress until certain legislation described in the telegrams shall have been enacted. I ask unanimous consent to have them printed in the RECORD as a part of my remarks, without reading.

The PRESIDING OFFICER. Without objection the telegrams will be printed in the RECORD.

The telegrams are as follows:

Railroad employees will be greatly disappointed if Congress adjourns before adopting Senate bills 3266 and 3231.

(Signed by 14 citizens of Arizona.)

Respectfully urge you work for passage S. 3231 and S. 3266 before adjourning.

(Signed by 35 citizens of Arizona.)

We are deeply interested in passage amendments labor act, 3231 and 3266, pension bills. Your quick action in passage before

adjournment will be of untold value to railroad fraternity, and act as relief to unemployed. Your support will be graciously returned.

(Signed by four citizens of Arizona.)

Mr. ASHURST. Mr. President, there is at this time quite naturally much speculation in the press as to when Congress will adjourn; and inasmuch as I doubt if the adjournment resolution when presented will be debatable, I therefore embrace the present opportunity to say that I am opposed to any adjournment of Congress until the legislation helpful toward national recovery and within reasonable range of accomplishment shall have been enacted.

This Congress has, in Milton's noble words, been able—

To scorn delights and live laborious days.

Industrious as this Congress has been, it should not, in my opinion, adjourn unless and until its task shall have been fully performed.

In this life perplexing problems constantly recur. The time and energy that one might expend in trying to avoid difficult problems would in most cases, if applied to the problems, solve them. No Member of this Congress has or could conceivably have more deeply personal and political reasons for an adjournment than I have. Indeed, I make no concealment of the fact that I am anxious to go home and reconstruct some political fences that are now, as I am advised, in a condition of disrepair. I am convinced, however, that I should cut a sorry figure were I to abandon my duties here, or were I to assist in securing an early adjournment which might be to the great detriment of the country at large in order that I might return to the more pleasing work of rehabilitating my political fortunes.

I am convinced that the people, not only of Arizona but of the other States, will not permit the political interests of anyone to suffer who is here, without default and without complaint, doing the day's work for which he has been chosen and for which he is being compensated.

It is far better that I should lose the nomination than that I should be remiss and truant to my duty here, especially in these trying times, when our citizens are exhibiting so much patience and fortitude and are making so many sacrifices. I can with equanimity sustain any political defeat, but I have not the temerity—the audacity—to face the charge that I abandoned my post here to promote my reelection.

One of the most powerful reasons for adopting the amendment abolishing "lame ducks", which amendment was so ably championed by my friend from Nebraska [Mr. NORRIS], was that the 4th of March deadline would be erased, and Congress would be left free to adjourn at discretion when its task was finished.

Therefore, I hereby register in advance a protest against adjournment until, as I said before, all the legislative business within the domain of reasonableness shall have been performed.

Mr. FESS. Mr. President, whatever comment may be made upon the rare talent of the distinguished Senator from Arizona, no one will claim that he is short on political psychology. He expresses the sentiment that probably is in the minds of a great many Senators.

MONETARY USE AND PURCHASE OF SILVER

The Senate resumed the consideration of the bill (H.R. 9745) to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes.

[Mr. FESS resumed and concluded the speech begun by him yesterday. His entire speech is as follows:]

Thursday, June 7, 1934

Mr. FESS. Mr. President, I hesitate to enter upon the discussion of a subject of this nature at this hour of the day. I feel like paraphrasing the expression of a great orator, who, when speaking in the city of Indianapolis, said:

The past rises before me like a dream.

When we discussed this subject, the particular past that I have in mind is 1896. In that year came the climax of one of the most exciting discussions that ever took place

in the political history of the country. The climax came not so much because of the points of dispute in the contest, or of any particular philosophy, but the crisis was, in a smaller measure, very much as we see it today.

We had gone through the depression which began early in 1893, and everyone was looking for a remedy by means of which we could emerge. The silver question had been discussed throughout the country, and especially in the Houses of Congress. In fact, it was a very interesting topic of congressional dispute in 1896. The history of the issue which found its climax at that time covers the entire period of our national life.

I, myself, at the time interested in college work, and having some familiarity with the subject of finance from the standpoint of the classroom, made a trip to Columbus to listen to the speech of a statesman who was regarded as an authority on finance, John Sherman. He made a very remarkable address. It was clear-cut, there was no extra verbiage, no ambiguity, but it set out the issue in a very concise manner. It attracted such wide attention that it was fully reported in the great newspapers of the country.

I have before me now a copy of that speech of John Sherman as taken from the New York Times. As I read it, I have a vivid recollection of the exciting personal experience I enjoyed as I sat in the audience and listened to this remarkable address. Let me read the first paragraph:

At the coming Presidential election there will be submitted to your judgment two questions, one of which is whether any holder of silver bullion may deposit it at the mints of the United States and have it coined for his benefit and without cost to him into silver dollars, each of the weight of $412\frac{1}{2}$ grains of standard silver 0.9 fine, and may tender them for any debt, public or private. The other question, in levying duties or taxes on imported goods, we should only consider the revenue required, or whether, while raising the needed revenue, we should seek also to protect and encourage domestic industry; the one is called "revenue tariff" and the other "protective tariff." Both the silver and tariff are vital questions of domestic policy, of equal importance, but I propose on this occasion to confine my remarks mainly to what is known as the free coinage of silver at the ratio of 16 parts of silver to 1 of gold. This issue is thrust upon us by the Democratic Party, or rather, by the populist branch of the Democratic Party.

This statement I am reading because it coincides with my own view:

Gold and silver coins are recognized by all commercial nations of the world as the best standards of value, as the measure of every article of desire, of everything that is bought or sold. These two metals not only measure all other things, but they measure each other. Their relative value constantly changes. Twenty-three years ago 16 ounces of silver were worth more than 1 ounce of gold. Now 31 ounces of silver can be bought with 1 ounce of gold. This fluctuation of value cannot be prevented by law. It is beyond the reach of legislation. It is caused by the changing demand for and the increasing supply of these metals from the mines. Both are necessary as money, silver to supply the daily wants of life and gold to measure the larger transactions of business, especially in exchange with foreign nations.

Then Mr. Sherman proceeds to discuss the difficulty of maintaining the parity of these two metals.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BANKHEAD in the Chair). Does the Senator from Ohio yield to the Senator from Utah?

Mr. FESS. I yield.

Mr. KING. I think the statement made by the late Senator Sherman illustrates—I shall not say his lack of familiarity with bimetalism, the question of gold and silver, but certainly that he failed to take into account the fact that during the period of 23 years to which he referred silver had been demonetized in a number of countries, and that that was responsible for its decline in value. The decline in value of silver was not due to the increased use of gold in the arts or for money, except as the increase was necessitated by reason of the demonetization of silver, or to a diminished demand for silver, except insofar as that diminished demand was the result of demonetization.

The Senator will recall that when the gold mines of California and Australia poured their golden stream into the channels of trade and commerce, a number of the countries of Europe—notably Austria and a number of the states of

Germany—demonetized gold; and immediately in those states gold in their domestic transaction shrank in value, and silver increased in value. That result was not because of any increased demands for commercial purposes; but the change in the relative value, one measured by the other, was the result of the demonetization of gold.

If gold should be demonetized today throughout the world—and we may have done it in our country—the demonetization of gold would reduce its value. The demonetization of silver reduced its value measured by gold. The violent fluctuations referred to by the Senator from Ohio were the direct result of demonetization acts rather than an increase or a decrease in the production of those metals.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. PITTMAN. While agreeing with everything the Senator from Utah has said, it is satisfying to me to note that the distinguished Senator recognized that both gold and silver were standard moneys of our country at the time of which he is speaking, and that they were basic moneys everywhere. He did not believe that a ratio could be brought about between them.

It will also be remembered that it was Senator Sherman who desired to increase the amount of silver money in our country.

The bill pending before the Senate does not attempt to establish any ratio. It does attempt to do just what Sherman did in the Sherman Act—to increase the proportion of silver in our circulating monetary system. I may say that at the very time Senator Sherman was attempting by means of the Sherman Act to increase the amount of silver in our monetary system, the percentage of silver to gold was over twice as great as it is now. Our monetary system was not so badly maladjusted at that time as it now is.

Mr. FESS. Mr. President, in the course of the discussion I intend to make I shall pay attention to the subjects mentioned by the two Senators in indicating the progress of this dispute as we see it in our own history and in that of other countries. I read the statement of Senator Sherman with personal approval. I have always believed that silver, being one of the precious metals, ought to be given a monetary value if it can be done without driving out of circulation another kind of money which is more valuable, thus putting us upon a purely silver basis.

I do not see any possibility of the policy of bimetalism in actual, successful operation in our own country, unless we can secure an agreement with the chief countries of the world with which we trade to adopt the same policy. I had hoped—I really had an abiding hope—that our leadership might be able to induce the commercial countries of the world to decide upon a basis for bimetalism. If for any reason they refuse to do it, I do not see the possibility of our utilizing that policy in our country alone.

I admit, Mr. President, that under the anomalous condition we now have in our monetary situation, Gresham's law does not apply as it did when we were on a bimetallic basis or on a gold basis. We did not coin any silver dollars, to speak of, between 1834 and 1873, not because it was illegal, but because the holder of silver had more purchasing power in bullion than he had in coin, and he would not be so foolish as to take his bullion and have it coined and be given back a coin that was worth less than what he had coined. For that reason, no matter how many silver dollars we coined, they would have gone out of circulation by virtue of the operation of Gresham's law.

The vice of the contention for 16 to 1 in 1896, without an agreement with other countries with which we were dealing, was that it would have given full sway to the operation of that law, which is that the cheaper metal would have driven out of circulation the dearer, and placed us on the basis of the cheaper metal. That law is just as certain in its operation as is the law of gravitation. It is really a question whether it would apply today, because we have no gold in circulation; we have not any gold basis; that is, there is no power of redemption in gold of our present paper currency.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. BORAH. Speaking of Gresham's law, for 199 years, from the time Sir Isaac Newton established the ratio between gold and silver in England, neither drove the other out of England. They were both used interchangeably for 199 years.

Mr. KING. Mr. President, will the Senator again suffer an interruption? Then I shall not interrupt again.

Mr. FESS. I yield.

Mr. KING. The Senator will also recall that after Great Britain had demonetized silver, France, under the leadership of a very great political economist and a great statesman, fixed the ratio at 15½ to 1, and opened the mints of the country to the free and unlimited coinage of silver and gold. The ratio was maintained without the slightest interruption until 1872, when Germany took one billion in gold by way of indemnity from France, then debased her own silver and flooded France with it; and then the Latin union pursued the evil course which had been adopted by Germany and the United States.

Mr. FESS. The Senator's historical citation is correct, that Germany demonetized silver in 1872 after the indemnity of \$1,000,000,000 was paid her in 1871. The interesting point of the question of the Senator from Idaho is that I think he means to deny that Gresham's law would operate if we had both the metals as standard money.

Mr. BORAH. What I meant to say was that in actual historical fact Gresham's law did not operate in the instance I cited.

Mr. FESS. I cannot dispute the Senator's statement, because I have not looked up the matter; but if, in this country we had two metals on a parity, both of them used as commodities—even though they were not bought and sold as commodities, they would have to be mined by labor and paid for—I cannot believe that by law the two could be kept at a fixed ratio. I think the operation of Gresham's law would cause the cheaper metal to drive out of circulation the dearer. It may be assumed that by law the two can be kept equal in value, but I do not see the possibility of that.

Mr. BORAH. I readily admit that if, for instance, there were today throughout the world certain ratios between gold and silver, and the United States fixed a different ratio between gold and silver, and by reason of those ratios one or the other of the metals were more valuable in one country than in another, the metal would travel to the country in which it was most valuable.

Mr. FESS. It certainly would.

Mr. BORAH. I admit that; but in a country where both gold and silver are acceptable as legal tender in full payment of all debts, and perform exactly the same kind of service, and just as effectively, why should one drive out the other?

Mr. FESS. If one becomes more valuable than the other, it drives out the other because the one is more valuable. That seems to be the undisputed or uncontroverted fact in law. Simply because I should prefer to have the better value, the metal that has the greater value, to the one that has the lesser value, the one that I should hoard would be the one that had the greater value.

Mr. PITTMAN. Mr. President, may I interrupt the Senator again?

Mr. FESS. Certainly.

Mr. PITTMAN. Speaking of the pending measure, does the Senator think it would tend to drive gold out of the country even if we were under conditions which existed 2 or 3 years ago?

Mr. FESS. I rather think it would. If I correctly read and understand the measure, we are to buy the silver. We are to issue silver certificates for that silver. Those silver certificates can be redeemed in silver. The bill makes silver the basis of that circulation. If gold were in circulation, it would have to be upon some particular basis. Unless we could by law—which I do not concede to be possible—make the gold equal to the silver, the cheaper would evidently drive out of circulation the dearer.

Mr. PITTMAN. Going back to just before we demonetized gold a few months ago, why did not gold then leave the country?

Mr. FESS. The Senator must understand that up to the demonetization of gold, or the enactment of the gold legislation, we were proceeding under the law of July 14, 1900, which made gold the standard of value. All other moneys could be redeemed in gold. Silver virtually stood on the gold basis, because it could be converted.

Mr. PITTMAN. There was no redemption of silver or silver certificates in gold.

Mr. FESS. It was not specifically so stated.

Mr. PITTMAN. And in fact it was not so.

Mr. FESS. I think in fact it was so. There was no redemption for the greenback, but it was put on a parity under the law of 1900, which made gold the standard of all our currency without reference to whether it was silver, bank notes, or what not.

Mr. PITTMAN. Does the pending measure—

Mr. FESS. Let me say to the Senator that I do not think the Gresham law will operate under the condition of gold today.

Mr. PITTMAN. I did not want to question the Senator about that. I had in mind another question. Let us go back to 5 years ago. Would the measure which we now have before us in any way change the situation with regard to the redemption of silver certificates under conditions as they then existed?

Mr. FESS. No; I think not, except that with the law of 1900 operating, silver certificates, while not specifically redeemable in gold, being redeemable in silver, were on the basis of gold. People felt they could present their silver certificates or their silver dollars and get a piece of money that was equal to gold.

Mr. PITTMAN. Does the pending measure in any way change the law of 1900 with regard to that feature?

Mr. FESS. No; I think not. The only thing the bill proposes to do is specifically to state that the silver certificate is redeemable in silver.

Mr. PITTMAN. Is there any difference between that provision and the law of 1900?

Mr. FESS. No.

Mr. PITTMAN. Therefore the measure does not endanger any condition that has existed from 1900 up to this time?

Mr. FESS. I think not, so far as the redemption feature goes.

Mr. President, while I have been listening to the discussion, which has been very able, I have been thinking how little interest there seems to be in the subject throughout the country. If we look at the newspapers, we find that no editorials disclosing any degree of interest such as we would anticipate should attend the discussion of a subject of this kind, especially with the background of the discussion had in other days. We cannot stir up any interest in the subject. Even individual Senators do not seem to be extremely interested in it. I am wondering why it is.

Mr. VANDENBERG. Perhaps they are all numb! [Laughter.]

Mr. FESS. No; I do not think it is because they are all numb.

Mr. KING. Perhaps they are all dumb? [Laughter.]

Mr. FESS. No; it is not that, either. There seems to be a different cycle of thought existing from any I have known. For instance, in previous legislation we gave to the President absolute unlimited authority to coin silver at any ratio he chose. Any one of numerous things of that kind would have created the most fierce discussion if we had attempted to do it 30 years ago, and yet we have that full authority turned over to an individual without restraining him by any kind of qualifications. Just how to explain that lack of interest I do not know.

I have been interested from three angles in the discussion of the silver question as it has been discussed in modern days and as it has been presented by the Senator from Nevada [Mr. PITTMAN]. Let me say that I think the people of

his State should recognize the untiring efforts he has put forth in giving what he thinks is a proper recognition to this particular phase, not only of a product of the country but the monetary value of that product to the country.

I think of the days of the famous William M. Stewart, and the no-less famous John P. Jones, and the equally famous Francis G. Newlands, who gave great renown to the State of Nevada, largely because of the position they took in their high-grade discussions of the silver question. I doubt whether anyone has to his credit more untiring effort of record than has the author of the bill now before us. I want to pay him that tribute. Since he presented the bill in its various phases I have given rather sympathetic attention to what he said.

I believe we ought to encourage any industry of the country, even if it be nothing more than a commercial product, which represents any amount of investment, employs labor, and, of course, is the last feature the Senator from Nevada has in mind.

Mr. PITTMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Nevada?

Mr. FESS. I am glad to yield.

Mr. PITTMAN. I thank the Senator for his kind and complimentary words. I wish to say, however, that he does me entirely too much honor when he designates me as the author of the bill. When I presented the bill, in my opening remarks, I stated that it was the outgrowth of 5 or 6 weeks of work on the part of a voluntary group, whose names

I gave at that time, in conference with representatives of the Treasury Department, and finally of the President of the United States.

Mr. FESS. I think the Senator's modesty does him credit. He evidently had more to do with it than he is willing to admit here—to say nothing about his collaborators who worked with him.

If we discuss the subject from the standpoint of what industry represents, it becomes immediately important, especially if in its development it is to do good; and if we, by our efforts, give it some monetary phase that would not do any harm—that, of course, is the question which is uppermost in my mind.

I desire to discuss the subject of the demand for silver from the monetary standpoint; and I shall give data the chief source of which is a recent publication from the Brookings Institution on the subject of silver.

I have here a table showing the net coinage of silver of the specified countries from 1900 to 1931. These countries are the United States, Austria-Hungary, Austria and Hungary, Australia, Canada, France, Germany, Great Britain, Italy, India, Indo China, Japan, Mexico, the Netherlands, Persia, and Russia. I shall not take the time to comment upon the changes from year to year; but I ask the privilege of inserting the data in the RECORD, because they are quite valuable in the study of this question.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

Net coinage of silver by specified countries, 1900-1931
[In millions of fine ounces]

| Calendar year | United States | Austria-Hungary | Austria | Hungary | Australia | Canada | France | Germany | Great Britain | Italy | India | Indo-China | Japan | Mexico | The Netherlands | Persia | Russia | Total, all countries |
|---------------|---------------|-----------------|---------|---------|-----------|--------|--------|---------|---------------|-------|-------|------------|-------|--------|-----------------|--------|--------|----------------------|
| 1900 | 24.9 | 4.8 | | | | 0.4 | 0.1 | (1) | 5.9 | 0.1 | 48.4 | 10.9 | 0.6 | 13.4 | -0.2 | (1) | 3.8 | 113.1 |
| 1901 | 21.0 | 2.3 | | | | .3 | .1 | (1) | 2.2 | .4 | 14.0 | 2.9 | .5 | 19.5 | -.3 | (1) | 1.1 | 64.0 |
| 1902 | 20.3 | 5.6 | | | | .2 | (1) | (1) | 2.4 | (1) | 12.3 | 3.6 | .3 | 5.8 | (1) | (1) | .3 | 50.2 |
| 1903 | 12.7 | 3.3 | | | | .2 | (1) | (1) | .9 | (1) | 43.4 | 8.0 | .4 | 21.4 | (1) | (1) | 1.9 | 92.2 |
| 1904 | 10.2 | .4 | | | | .2 | (1) | (1) | (1) | (1) | 30.3 | 4.5 | .8 | 8.0 | (1) | | -5.9 | 48.5 |
| 1905 | 3.4 | .2 | | | | .3 | (1) | (1) | -0.4 | (1) | 43.8 | 2.8 | 5.1 | (1) | -0.6 | | -5.2 | 49.4 |
| 1906 | 7.0 | .4 | | | | .6 | (1) | (1) | 4.0 | (1) | 61.0 | 8.0 | 4.2 | -4.1 | -0.8 | | 2.4 | 82.7 |
| 1907 | 8.6 | (1) | | | | .8 | (1) | (1) | 4.5 | -1.1 | 54.5 | 11.0 | 6.6 | 2.3 | (1) | | 2.6 | 89.8 |
| 1908 | 8.3 | 6.0 | | | (1) | .2 | (1) | 8.4 | 2.5 | .7 | 4.7 | 11.0 | 4.7 | -4 | (1) | | 1.4 | 47.5 |
| 1909 | 5.3 | 10.6 | | | (1) | .4 | 8.2 | 8.6 | 1.6 | .5 | (1) | 7.3 | 2.4 | 2.5 | -1.4 | (1) | 1.8 | 47.8 |
| 1910 | 2.2 | 4.2 | | | 1.2 | 1.2 | (1) | 7.4 | 7.3 | 1.0 | (1) | .8 | | (1) | (1) | 7.6 | .6 | 33.5 |
| 1911 | 4.3 | 6.3 | | | 1.2 | .6 | .1 | 6.5 | 5.3 | .5 | 1.9 | .5 | 2.1 | (1) | .7 | .8 | 1.6 | 31.4 |
| 1912 | 4.9 | 2.7 | | | .7 | .1 | 2.7 | 5.5 | 5.1 | .9 | 44.7 | .2 | 2.6 | .9 | (1) | .4 | 3.9 | 75.3 |
| 1913 | 1.9 | 6.2 | | | .6 | .7 | (1) | 8.2 | 3.9 | 2.1 | 46.8 | 4.7 | .9 | 3.1 | .1 | 1.9 | 2.7 | 83.8 |
| 1914 | 3.9 | 5.7 | | | .9 | .3 | 1.5 | 10.8 | 10.1 | 2.8 | 10.7 | .6 | -4.5 | (1) | 5.3 | 3.3 | 7.1 | 58.5 |
| 1915 | 2.5 | 7.6 | | | .3 | .1 | 7.1 | 6.9 | 25.6 | 2.0 | 5.9 | 1.0 | .2 | (1) | 2.3 | 1.6 | 22.2 | 85.3 |
| 1916 | 1.3 | (1) | | | 2.0 | .7 | 15.1 | 1.9 | 27.8 | 3.1 | 71.5 | .3 | .8 | .2 | 1.7 | 3.8 | 43.1 | 173.3 |
| 1917 | 19.6 | (1) | | | (1) | 1.4 | 11.6 | (1) | 13.1 | 1.6 | 91.4 | (1) | 67.2 | 9.8 | (1) | (1) | (1) | 215.7 |
| 1918 | -110.9 | (1) | | | 1.5 | 1.6 | 12.4 | (1) | 30.7 | (1) | 146.2 | (1) | 4.9 | 2.4 | 1.0 | (1) | (1) | 89.8 |
| 1919 | -66.2 | | | | .8 | 2.2 | 10.3 | (1) | 10.9 | (1) | 150.5 | .1 | 2.6 | .5 | 1.8 | 1.3 | (1) | 114.8 |
| 1920 | 17.6 | | (1) | | .4 | 1.2 | -5.7 | (1) | -.8 | (1) | 37.3 | .6 | | 14.2 | (1) | .3 | (1) | 65.1 |
| 1921 | 67.8 | | (1) | | 1.1 | .4 | (1) | (1) | -13.4 | (1) | .1 | 6.7 | | 6.1 | .9 | .3 | 1.7 | 71.7 |
| 1922 | 62.6 | | (1) | | .5 | -0.1 | (1) | (1) | -17.7 | (1) | -2.2 | 7.5 | 11.9 | 9.7 | 2.1 | 1.7 | (1) | 76.0 |
| 1923 | 49.1 | | 0.4 | | (1) | -0.2 | (1) | (1) | -18.2 | (1) | -2.0 | 2.8 | 13.4 | 11.0 | .2 | 1.1 | 8.7 | 66.3 |
| 1924 | 14.5 | | 5.0 | | .2 | -0.1 | (1) | 21.0 | -5.7 | (1) | -3.3 | 2.5 | 5.6 | 11.2 | 1.0 | .3 | 22.1 | 74.3 |
| 1925 | 13.3 | | 19.0 | | .6 | -0.1 | (1) | 14.5 | -5.4 | (1) | -3.0 | 2.3 | -2 | 2.3 | .1 | 1.8 | 22.6 | 67.8 |
| 1926 | 13.1 | | 8.3 | 2.4 | 1.0 | -0.2 | (1) | 15.2 | -2.3 | -.8 | -3.6 | 4.5 | .4 | 1.8 | -3 | 3.9 | 11.8 | 55.2 |
| 1927 | 6.0 | | 9.1 | 1.8 | 1.5 | -1 | (1) | 7.0 | -6.5 | -6.8 | -.3 | 6.7 | -1 | .1 | .1 | 3.8 | (1) | 22.3 |
| 1928 | 3.5 | | 4.6 | (1) | .5 | .4 | -43.2 | 9.6 | -9.4 | -4.5 | -13.4 | 6.8 | -.6 | -1.4 | 1.2 | 7.7 | | -38.2 |
| 1929 | 3.3 | | 2.7 | 1.0 | (1) | .6 | 4.9 | 4.4 | 8.1 | 4.6 | -28.2 | .4 | .6 | 10.1 | 3.5 | 4.7 | (1) | 4.5 |
| 1930 | -.2 | | .7 | 1.9 | -.4 | .1 | 8.1 | 2.7 | -4.8 | -.9 | -38.4 | 1.0 | -1.0 | .2 | 8.0 | .9 | 15.5 | -6.6 |
| 1931 | -4.5 | | .9 | | (1) | (1) | 7.8 | 18.0 | 5.3 | (1) | -39.6 | -3.9 | | -.8 | -5.5 | | | -22.3 |

¹ Indicates balance between coinage and withdrawals.

Compiled from Annual Reports of the Director of the Mint. These net figures were obtained by subtracting from the total annual domestic coinage of each country the amount of domestic coin withdrawn from monetary use. The coins struck and the coins withdrawn were converted into fine ounces on the basis of their legal content; or, where only the value of the fine silver consumed in coinage or withdrawn from circulation was given, the fine silver content was derived by dividing the value by the average price of silver in London.

The minus sign indicates that withdrawals from monetary use were greater than new coinage.

This total is incomplete, as data for Hungary, Japan, Persia, and Russia are not available.

Mr. FESS. Mr. President, the war greatly affected silver coinage. It induced large issues of paper currency, with inevitable inflation of prices, which compelled greater use of silver by the allied countries, and the reduced use of it in the central countries, which, in time, discontinued the coinage of silver entirely. This situation during the World War induced a large use of silver in India, and it was largely purchased from the United States during 1918 and 1919. Then, in 1920, the debasement of silver by many countries began.

I recall, while a Member of the other branch of Congress during the midst of the war, a sort of a signal call, a warning which came to us that because of a certain situation in India we ought to make possible, without debate, a certain allotment of silver for a use which seemed to be absolutely essential in winning the war. I recall asking someone in the House why a subject of such popular import was not permitted to be discussed. We were asked by the committee to allow the measure to be put through without any debate. That was done. It was at a time when the world situation

was so critical that we were left under the impression that certain things ought not to be made public. That situation, as the chairman of the committee remembers, provided a great market for silver for a time; but in 1920 these countries began to debase their silver. No official statistics of the amount of silver derived from demonetization and debasement are available, but unofficial estimates of the amount sold from those sources have been prepared by the firm of Handy & Harman. I ask unanimous consent to have the table showing the current of debasement by the several countries from 1920 to 1932 inserted in the RECORD without reading. The figures are in millions of fine ounces.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

| | Sales |
|------------|-------|
| 1920..... | 27 |
| 1921..... | 37 |
| 1922..... | 43 |
| 1923..... | 45 |
| 1924..... | 20 |
| 1925..... | 30 |
| 1926..... | 8 |
| 1927..... | 18 |
| 1928..... | 60 |
| 1929..... | 67 |
| 1930..... | 72 |
| 1931..... | 69 |
| 1932..... | 47 |
| Total..... | 543 |

The quantity derived from these sources is probably somewhat larger than the amount sold, as a number of countries still have a reserve of retired silver. France, for instance, has disposed of only a part of its demonetized silver, and India has a large supply for sale.

Mr. FESS. The war tended to drive silver out of circulation in all countries except Great Britain, where the circulation increased heavily, I think about two and a half times. Since that time Britain has entered upon the debasement of the metal. In view of the fact that there is a demand for increased silver circulation in the United States, a study of the table I have before me is important.

Mr. President, this table shows the standard silver dollars in circulation and the standard silver dollars and silver certificates outside of the United States Treasury for the years from 1900 to 1932, giving in one column the silver dollars in circulation and also the percentage of silver currency outside of the Treasury; in another column the silver currency outside of the Treasury, in millions of dollars, and the percentage of such currency. This is a very interesting study, especially the percentages. I shall not take the time to read it. I had intended to comment on the different years, but instead of doing so I ask unanimous consent to insert the table in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

Standard silver dollars in circulation and standard silver dollars and silver certificates outside of the United States Treasury, 1900-1932¹

| Year | Silver dollars in circulation ² | | All silver dollars outside of Treasury ³ | | Silver currency outside of Treasury ⁴ (in millions of dollars) |
|-----------|--|--|---|--|---|
| | In millions | As percentage of silver currency outside of Treasury | In millions | As percentage of silver currency outside of Treasury | |
| 1900..... | 118 | 21.4 | 142 | 25.8 | 550 |
| 1901..... | 85 | 15.7 | 115 | 21.1 | 544 |
| 1902..... | 70 | 12.7 | 99 | 18.1 | 545 |
| 1903..... | 65 | 11.9 | 92 | 16.8 | 547 |
| 1904..... | 60 | 10.9 | 84 | 15.4 | 547 |
| 1905..... | 59 | 10.9 | 83 | 15.4 | 539 |
| 1906..... | 45 | 8.3 | 71 | 13.1 | 543 |
| 1907..... | 63 | 11.3 | 88 | 15.7 | 558 |

¹ Figures are for June 30 of each year.

² Figures for 1929-32 are not available.

³ Includes silver dollars in circulation and in banks.

⁴ Includes standard silver dollars and silver certificates in circulation and in banks.

Standard silver dollars in circulation and standard silver dollars and silver certificates outside of the United States Treasury, 1900-1932—Continued

| Year | Silver dollars in circulation | | All silver dollars outside of Treasury | | Silver currency outside of Treasury (in millions of dollars) |
|-----------|-------------------------------|--|--|--|--|
| | In millions | As percentage of silver currency outside of Treasury | In millions | As percentage of silver currency outside of Treasury | |
| 1908..... | 38 | 6.9 | 81 | 14.9 | 547 |
| 1909..... | 52 | 9.4 | 75 | 13.8 | 555 |
| 1910..... | 47 | 8.5 | 76 | 13.7 | 555 |
| 1911..... | 47 | 8.8 | 76 | 14.3 | 531 |
| 1912..... | 46 | 8.5 | 73 | 13.5 | 542 |
| 1913..... | 44 | 8.1 | 75 | 13.7 | 545 |
| 1914..... | 31 | 5.7 | 61 | 11.4 | 540 |
| 1915..... | 30 | 5.5 | 56 | 10.4 | 538 |
| 1916..... | 32 | 5.8 | 60 | 12.3 | 559 |
| 1917..... | 44 | 7.9 | 74 | 13.4 | 551 |
| 1918..... | 23 | 5.4 | 43 | 10.1 | 422 |
| 1919..... | 58 | 23.0 | 83 | 32.8 | 252 |
| 1920..... | 56 | 22.0 | 126 | 53.4 | 254 |
| 1921..... | 51 | 18.5 | 77 | 27.6 | 278 |
| 1922..... | 43 | 11.5 | 69 | 18.5 | 373 |
| 1923..... | 45 | 9.3 | 68 | 14.1 | 480 |
| 1924..... | 42 | 8.6 | 78 | 15.9 | 486 |
| 1925..... | 40 | 7.6 | 71 | 13.7 | 520 |
| 1926..... | 37 | 7.0 | 70 | 13.2 | 528 |
| 1927..... | 34 | 6.3 | 63 | 11.8 | 533 |
| 1928..... | 34 | 6.5 | 61 | 11.5 | 533 |
| 1929..... | | | 52 | 9.9 | 520 |
| 1930..... | | | 45 | 8.4 | 532 |
| 1931..... | | | 42 | 7.8 | 535 |
| 1932..... | | | 39 | 7.4 | 526 |

Mr. FESS. It will be of value to observe the holdings of some of the leading banks in the leading countries of the world. Not only have the silver holdings of the 18 banks I have selected decreased relatively, but they have decreased absolutely, as shown by the following 5-year averages given in millions of dollars:

In the 4 years from 1900 to 1904, on an average, the banks held \$501,600,000.

From 1905 to 1909 they held, on an average, thirteen millions more, an increase.

From 1910 to 1914 there was a decrease from \$514,000,000 to \$471,000,000.

Then from 1915 to 1919 there was a further decrease to \$308,700,000, which is a decrease of nearly \$170,000,000.

Then in the next 4 years, from 1920 to 1924, the holdings were further reduced to \$290,000,000.

Then, in the next 4 years, from 1925 to 1929, the holdings of the banks were further reduced about \$20,000,000, to \$273,000,000.

I ask unanimous consent to have inserted in the RECORD the table showing the silver holdings as percentages of total metallic holdings of these 18 banks of issue from 1900 to 1929.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

Silver holdings as percentages of total metallic holdings of 18 banks of issue, 1900-1929
[5-year averages]

| Bank of issue | 1900-1904 | 1905-9 | 1910-14 | 1915-19 | 1920-24 | 1925-29 |
|---|-----------|--------|---------|---------|---------|---------|
| National Bank of Austria..... | 20.5 | 19.4 | 16.0 | 14.2 | 0 | 1.8 |
| Hungary..... | 20.1 | 23.5 | 19.2 | 3.5 | 7.4 | 4.5 |
| National Bank of Belgium..... | 52.6 | 34.0 | 29.1 | 25.4 | 31.9 | 25.0 |
| National Bank of Bulgaria..... | 0 | 2.9 | 6.7 | 1.4 | 3.8 | 6.0 |
| Bank of Denmark..... | 11.5 | 8.2 | 6.2 | 0.2 | 15.5 | 4.5 |
| Bank of Finland..... | 30.8 | 23.8 | 16.0 | 7.1 | 7.3 | 3.7 |
| Bank of France..... | 13.9 | 10.9 | 8.6 | 9.5 | 9.7 | 6.5 |
| Banks of Italy, Naples, and Sicily..... | 2.0 | .2 | .1 | 0 | 1.9 | 2.4 |
| Bank of Japan..... | | | 46.4 | 16.5 | 20.6 | 13.5 |
| Bank of Java..... | 55.3 | 38.1 | 6.8 | 1.3 | 2.0 | 5.4 |
| Bank of The Netherlands..... | 0 | 0 | 2.2 | .4 | 7.0 | 0 |
| National Bank of Norway..... | 53.9 | 53.1 | 61.3 | 56.1 | 58.8 | 9.2 |
| Bank of Portugal..... | 28.0 | 25.6 | 17.0 | 2.1 | 3.0 | 2.5 |
| Reichsbank (Germany)..... | 6.0 | .7 | .3 | 0 | 1.3 | 2.6 |
| National Bank of Roumania..... | 7.0 | 4.9 | 4.0 | 7.1 | 0 | 9.1 |
| Imperial Bank of Russia..... | | | | | | |

Silver holdings as percentages of total metallic holdings of 18 banks of issue, 1900-1929—Continued

| Bank of issue | 1900-1904 | 1905-9 | 1910-14 | 1915-19 | 1920-24 | 1925-29 |
|-----------------------------------|-----------|--------|---------|---------|---------|---------|
| Bank of Spain..... | 55.3 | 63.5 | 57.6 | 28.2 | 20.1 | 21.0 |
| Bank of Sweden..... | 8.5 | 5.0 | 4.4 | 6.6 | 3.6 | 1.5 |
| National Bank of Switzerland..... | 8.8 | 7.7 | 8.1 | 13.3 | 16.3 | 10.3 |
| 18 banks of issue..... | 24.5 | 20.4 | 15.1 | 8.7 | 9.1 | 7.1 |

Mr. FESS. It is interesting to me to know just how much of a demand there is for silver outside the monetary value—say, for example, the industrial demand. I will take it in the United States, Great Britain, France, Sweden, and Switzerland. These are the five great countries using silver.

From 1900 to 1904 the United States used 17,400,000 fine ounces, while the other four countries—this is the amount in industrial use—used 17,300,000 ounces, or a little less than the United States.

In the next 4 years, from 1905 to 1909, the United States used, for industrial purposes, 24,400,000 fine ounces, while all the rest of the countries used but 20,600,000 ounces. In other words, the other four countries used a little less than two-thirds of the amount which the United States used.

From 1915 to 1919 on an average the United States used 31,000,000 plus, while the other four countries used only 10,300,000. In other words, the United States used three times in industry, outside the monetary value, the silver these other four countries used.

The next 4 years, on an average, the United States used 34,000,000, while the other four countries used 18,000,000.

The next 4 years, up to 1929, the United States used 39,000,000, and the other four countries but 18,000,000.

I give these figures as to the consumption of silver for industrial purposes by these five countries, outside the monetary requirements.

The classes of use the United States has made of silver for industrial purposes are given in the following table:

Classes of uses

| | 1928 | 1929 | 1930 | 1931 |
|----------------------------|---------|---------|---------|---------|
| | Percent | Percent | Percent | Percent |
| Sterling ware..... | 36.4 | 34.4 | 31.5 | 37.4 |
| Photographic..... | 25.4 | 26.6 | 31.5 | 27.9 |
| Electroplating..... | 14.9 | 14.4 | 11.6 | 9.8 |
| Jewelry, optical, etc..... | 8.6 | 9.0 | 9.2 | 8.8 |
| Chemical..... | 6.0 | 6.2 | 7.0 | 6.2 |
| All others..... | 8.7 | 9.4 | 9.2 | 9.9 |

A study of these figures opens up the question in what particular fields there is an increased demand for silver for use industrially.

Mr. President, I now wish to pass to other countries in ascertaining the demand for the use of silver. First, I take India, and limit the demand to other than monetary purposes.

Private uses known as hoarding take the form of ornaments and bullion in the ratio of 90 to 10. These are interconvertible.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. PITTMAN. To make that clear, the ornaments in India are the money of the women, because they cannot inherit property, and when famine comes, they cut a little piece of silver off, go to the bazaar, and with it they buy food. While it has the name of jewelry, it is money to them.

Mr. FESS. I thank the Senator. I recall seeing that statement somewhere. I was interested to know just how the ornaments could be used. I am informed that ornaments serve for decorative values and for capital. Since 1921 India has consumed annually, on an average, 85,000,000 ounces of silver for other than monetary purposes, 35 percent of the world's annual production.

Mr. PITTMAN. They class that as nonmonetary use.

Mr. FESS. Yes.

Mr. PITTMAN. But, under the interpretation in India, it is monetary use.

Mr. FESS. The trade movement in India, measured by the use of silver, is shown by the following table:

Net private imports of silver into India compared with net private imports of gold and net private exports of merchandise, 1900-1932¹

| Calendar year | Net imports of silver | | | Net exports of merchandise (in millions of dollars) | Net imports of gold (in millions of dollars) |
|---------------|------------------------|---|--------------------------------------|---|--|
| | In millions of dollars | As percentage of net exports of merchandise | As percentage of net imports of gold | | |
| 1900..... | 4.3 | 4.5 | 15.6 | 95.9 | 27.5 |
| 1901..... | 15.8 | 16.0 | 84.5 | 98.6 | 18.7 |
| 1902..... | 25.0 | 19.4 | 126.3 | 129.1 | 19.8 |
| 1903..... | 21.0 | 11.2 | 41.3 | 187.9 | 50.9 |
| 1904..... | 23.4 | 12.4 | 37.0 | 189.3 | 63.3 |
| 1905..... | 18.5 | 11.7 | 39.6 | 157.7 | 46.7 |
| 1906..... | 20.9 | 12.0 | 53.0 | 173.7 | 39.4 |
| 1907..... | 29.2 | 15.3 | 53.6 | 191.2 | 54.5 |
| 1908..... | 41.4 | 105.1 | 184.8 | 39.4 | 22.4 |
| 1909..... | 33.1 | 19.9 | 86.2 | 166.5 | 38.4 |
| 1910..... | 24.8 | 9.4 | 33.1 | 263.8 | 74.9 |
| 1911..... | 21.9 | 8.3 | 21.5 | 262.8 | 101.7 |
| 1912..... | 18.5 | 6.6 | 12.9 | 279.3 | 143.6 |
| 1913..... | 18.0 | 6.3 | 19.5 | 287.8 | 92.5 |
| 1914..... | 32.4 | 20.6 | 74.1 | 157.0 | 43.7 |
| 1920..... | 5.9 | 0 | 15.8 | 119.8 | 37.4 |
| 1921..... | 36.8 | 0 | 0 | 157.4 | 51.3 |
| 1922..... | 46.9 | 41.0 | 54.2 | 114.4 | 86.6 |
| 1923..... | 61.7 | 18.6 | 50.6 | 331.4 | 122.0 |
| 1924..... | 59.6 | 13.9 | 41.4 | 428.4 | 143.7 |
| 1925..... | 73.4 | 11.7 | 33.3 | 627.3 | 220.6 |
| 1926..... | 68.2 | 21.7 | 80.8 | 314.3 | 84.4 |
| 1927..... | 55.0 | 21.5 | 92.1 | 255.6 | 59.7 |
| 1928..... | 52.7 | 17.9 | 68.5 | 294.7 | 76.9 |
| 1929..... | 36.9 | 14.1 | 57.1 | 261.4 | 64.6 |
| 1930..... | 44.2 | 19.0 | 77.5 | 233.0 | 57.0 |
| 1931..... | 27.1 | 27.7 | 0 | 98.0 | 115.6 |
| 1932..... | (²) | (²) | 0 | 12.1 | 195.7 |

¹ Compiled from annual Accounts Relating to the Sea-borne Trade and Navigation of British India, Department of Commercial Intelligence and Statistics, Calcutta. The original figures, which were in rupees or pounds sterling, have been converted into dollars at the average rate of exchange of each year. The war years 1915-19 were omitted from consideration because, owing to the world shortage of gold and silver, to the many impediments to the free flow of treasure, and to the restriction on private importation of treasure by the Indian Government, practically no gold or silver was imported into India on private account during this period.

² Net import.

³ Net export.

⁴ Statistics for silver imports are incomplete for 1932.

[At this point Mr. Fess yielded the floor for the day.]

Friday, June 8, 1934

Mr. FESS. Mr. President, yesterday I set out to make a study of whether the claim made for this measure by its proponents is justified by the facts of trade. In order to do that I desired to deal with silver as a commodity in the country as well as a monetary factor, in order that we might know just how much the price of silver is influenced by what is alleged to be discrimination against that metal.

It is necessary to get at the real demands for silver. Then it is necessary to have some idea of the supply of silver, as well as to designate the uses to which it is being applied.

In order to do this I shall use some graphs which indicate the direction of the currents, both of production and consumption, not only of silver but of other commodities which are bought and sold in the same currents of trade in which silver is bought and sold.

When we adjourned last night I was using the case of India, and I will use also the case of China, which is really the great silver-consuming country.

In reference to India, a study of the figures shows that net imports of silver vary little from year to year, and that while India's demand for gold for private use is largely determined by the trade balance, its demand for silver for private use bears very little fixed relationship to the trade balance, a fact which is generally not agreed to or admitted. It is also shown that the contention is unfounded that gold imports for private use increase at the expense of silver. That fact is shown by figures which I wish to give the Senate.

In 1921 net private imports of silver, compared with the net imports for Government use, were fifty-one and four-

tenths million ounces. The imports for Government use were only three-tenths of a million fine ounces.

In the next year there was an increase of imports for private use of 26,000,000 ounces, which was an increase of a little over 50 percent. There was a net import for Government use of 1,000,000 ounces, which was an increase also of about seven-tenths of a million ounces.

In the year 1923 the increase for private use was 16,000,000, while for Government use the figure remained exactly the same.

In the next year, 1924, there was a decrease of 5,000,000 ounces in the importations for private use, and a decrease of about eight-tenths of 1,000,000 in importations for Government use.

The figure for 1925 is very significant. There was an increase of importations of 13,000,000 fine ounces for private use, and instead of there being any imports for Government use, there was a net export from India of one-tenth of a million ounces.

In 1926, a banner year, there was an increase which amounted to 6,000,000 ounces for private use and also an increase for government use of two-tenths of a million ounces.

In 1927 the decline started in the use for private purposes, and it went down with rather unusual speed. In the year 1927 there was a falling off for private use of 12,000,000 ounces and there was a falling off for Government use of one-tenth of a million.

Mr. NORRIS. Mr. President, I hope we can have better order. It is difficult to hear the Senator, there is so much conversation in the Chamber.

The PRESIDING OFFICER (Mr. COPELAND in the chair). The Chair will ask the visitors in the galleries to refrain from conversation. The Senate is glad to have them here, but conversation annoys any Senator who may be addressing the Senate. The Chair asks Senators also to refrain from conversation.

Mr. FESS. Mr. President, I appreciate the suggestion. A discussion of this question cannot be of any particular concern to one who does not have some special interest in the study of the problem. As I stated yesterday, it is most amazing to me that a subject which a little over 30 years ago stirred our people as no other subject presented to them ever did is of such little interest today that no one outside of those who are particularly concerned in this problem cares a fig for it. It seems impossible to arouse interest in the country in the matter, as is shown by the editorials in the newspapers. One who went through the campaign of 1896, and compares the interest of the people of that day with that manifested by our people today, finds the most remarkable contrast. So I cannot complain of anyone who fails to give attention to these dry figures. However, they are the very basis of the study of the question. We cannot discuss it by appeal to mere sentiment, as has been done so often. We have to have figures which will demonstrate whether the suggestions made in arguments for this legislation will justify its enactment.

Mr. KING. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. KING. The Senator, I assume, is taking the figures from Mr. Pasvol'sky's book recently published by the Brookings Institution.

Mr. FESS. Yes.

Mr. KING. What significance does the Senator attach to those figures, particularly in view of the fact that in India, as the Senator knows, there has been since the demonetization of silver in Great Britain, and particularly since the demonetization of silver in India by the British Government, to the injury of the people, such a condition of uncertainty and confusion as to the monetary situation that it seems to me that it would be of little advantage, would throw but little light upon the situation, to tell how much silver was introduced, how much was purchased, how much was used by the Government, and how much by

private individuals? Nor is it possible to determine, it seems to me, with the data furnished in the Brookings Institution book, which I have read, what part of that which is introduced into India ultimately finds its way into the channels of trade and commerce, what part is used with the Government, or what part is used for storage values, as so much of the silver in India is used.

Mr. FESS. Mr. President, I appreciate the statement of the Senator from Utah. I am not embarrassed by these figures.

Mr. KING. Nor am I.

Mr. FESS. I desire to give facts and not mere statements. I cannot argue with those who make mere statements about conclusions and say that the figures which indicate the currents of trade do not mean anything. These figures mean everything to me. They are the basis on which the argument must either stand or fall.

In 1927 the decline in private use started and proceeded with amazing rapidity. There was a fall of 12,000,000 ounces in the use for private purposes. In 1928, instead of importing silver, India exported 19,000,000 fine ounces of silver. Up to that time India was an importing country. That fall continued until 1931, which is the last year for which I have the figures, when it reached the low point of about 61,000,000 ounces, and that very year the exports amounted to 23,800,000 ounces.

The significance of this fact is that the private use in India, a leading silver-using country, was declining most rapidly, and the exportation of silver, instead of importation, set in and proceeded for a succession of years.

Mr. NORRIS. Mr. President, will the Senator yield to me?

Mr. FESS. I yield.

Mr. NORRIS. I was interrupted for a moment and could not hear distinctly what the Senator just said. Do the figures of exports and imports which the Senator has been reading apply to India?

Mr. FESS. They do.

Mr. NORRIS. And the Senator is speaking of silver?

Mr. FESS. Yes.

Mr. NORRIS. I thank the Senator.

Mr. FESS. We will now take China.

Mr. KING. Mr. President, I apologize for again rising to interrupt the Senator from Ohio. Will the Senator yield?

Mr. FESS. I yield. The Senator does not need to apologize.

Mr. KING. The Senator knows that when Great Britain determined to debase silver—if I may use that expression—and to force the gold standard upon India, as efforts have been made to force it upon China, one of the methods which she adopted to accomplish that end was to sell silver, so she debased silver and exported large quantities, and bought some gold to replenish the treasury in order to put back of issued paper money a gold base instead of silver reserves, or, rather, to establish a gold standard instead of the double standard which for centuries had prevailed.

It does not seem to me that there is great significance to be attached to the figures quoted, as bearing upon the question of the validity of silver as money, to show that the British Government demonetized silver, sought to debase it, and to throw upon the market millions of ounces of silver. The same was done 2 or 3 years ago in Indo-China, and the evil which was wrought and the harm that occurred to the people in the way of a fall of prices has been very clearly pointed out by a number of writers.

Mr. FESS. Mr. President, let me state again that the Senator from Utah is at perfect liberty to make his own interpretation of these figures. His interpretation is not mine. But he is entirely at liberty to say that this means one thing rather than another. I am not going to deny him that privilege.

Now, as to China: As is well known, silver is the favorite metal in that oriental country. It circulates, whether in coin or bullion, as gold circulates in gold-standard countries.

It can be used for barter as well as a medium of exchange. For that reason it is very difficult to designate the proportion of silver which goes into uses other than the monetary use.

China's net imports or exports of silver, compared with the percentage ratio of the index of China's volume of exports and the index volume of her imports, is illustrated by a graph which I have before me.

If we take the period from 1900 to 1905, for example, and use the ratio of exports and imports, indicating whether there is a balance of trade for or against the country, and then compare the currents of that ratio with the net silver import or export, there can be drawn, I think, a very important conclusion.

I will start in the year 1900, with the percentage of silver at 130. The export-import percentage ratio was at 130, while the net silver imports or exports were about 115. If we follow the course of the export-import ratio, it will be found that there was a very sharp decline by 1905, when it fell below 80. It fell from 130 to 80, while the net silver imports or exports fell from 115 to only 80. There was a less range in the case of silver imports or exports. But the export-import percentage ratio showed a sharp increase in 1905, and by 1910 it had jumped from 80 to 145, while the net silver imports or exports jumped only from 80 to 120.

That variation continued, while both were going in the same direction, one further than the other, until the time of the war.

In 1919 the highest point was reached, which was nearly 160. Then they immediately began to separate, so that the one dropped to 50 by 1931, while the other, having reached the high point of 161 in 1929, the boom year, dropped from 161 to about 125 in the 2 years following, from 1929 to 1932.

A study of these currents will indicate there is a similarity in direction, but to say that they are the same is not at all borne out by the facts. If we take for example the mine production of silver of the principal producing countries of the world from 1929 it will be found that there is a similar percentage of variation, which will indicate that the price current is not determined by Government decree so much as it is determined by the law of supply and demand.

For example, the world mine production on a 5-year basis in the period 1900-1904 was 168,000,000 fine ounces, of which 56,000,000 ounces were produced in our country, 61,000,000 in Mexico, 4,000,000 in Canada, and about the same amount in Peru.

A variation will be shown from year to year, until we get down to 1925-29, when the world production leaped to 254,000,000 fine ounces, the production in the United States being 61.8 million fine ounces, while in Mexico it went to 102,000,000 plus, in Canada to 22,000,000, and in Peru to 20,000,000.

If we take the percentage of world totals the United States is found to have produced in that first period 33.3 percent of the silver production of the world, while Mexico has produced 36.4 percent. Then our production began to decrease.

In the next 5 years it was 29,000,000 ounces. The next 5 years a little more than that. Then in the 5 years beginning 1915 and going to 1919, which included the World War period, there was an increase of at least 7,000,000 ounces in the United States. In the period 1920 to 1924 there was a falling off of 8,000,000 ounces. In the next period there was a still further falling off of 5,000,000 ounces.

So if we take the current of production of silver and the current of price it will be found that there is a similarity with the live currents in the case of any other metal which may be taken as an illustration, or with the world average of commodities, or, if one wants to single them out for comparative purposes, with the products of the farm.

It would, I think, be of interest for the Senate to follow a graph which I have. It shows a comparison of the production of silver in the United States with that of copper and

lead. We will take silver beginning in 1900 at 60. By 1915 it had gone to about 72, while copper, which in 1900 began as low as 30 had, by 1915, gone to 90. That means that copper started 40 points below silver, and in the period of 15 years it had gone to 30 points above silver.

Then the graph shows that a decline set in and copper had a greater fall than either silver or lead, until the year 1929 when it went up and reached its high point.

Mr. President, this graph is very instructive. In 1929 the graph shows that copper was at the 100 point. It took a precipitate fall after that and by 1933 had fallen to about 28. In that 4-year period it had fallen from 100 to that low point of 28.

But, while in the same year, 1929, silver stood at 60, it dropped even a little below copper. The fall was not so great because the starting point was away below that of copper. Lead, however, started still lower than copper, but reached a little higher point than did silver in 1929 and fell just about as low as silver in 1932. So taking those three commodities, which are used for different purposes but are all metals, it will be found that the current of prices does not widely differ.

If we take the world production of silver and gold and compare the prices of those two commodities with the prices of all commodities, it will be most interesting. For example, the current production which marks the price of silver, is a little more variable than the current production of all commodities. The one thing that seems to have the least variation is the average price of all commodities; that varies less than silver; but, on the other hand, if we take the price of gold we find that has a greater variation than the price either of all commodities or of silver. I am certain that that statement is a surprise to a great many persons, but it is demonstrated here by the actual figures; and it is this point which I think is hazy in the minds of the public.

The same situation applies with reference to the refinery production of silver in the principal silver-producing countries. I do not wish to take the time of the Senate to interpret these figures, but will ask unanimous consent to have them inserted in the Record without reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table referred to is as follows:

Refinery production of silver of the world and the principal producing countries, 1921-30¹

[In millions of fine ounces and as percentage of world production]

| Calendar year | World (quantity) | United States | | Mexico | | Germany | | Canada | |
|---------------|------------------|---------------|----------|----------|----------|----------|----------|----------|----------|
| | | Quantity | Per cent | Quantity | Per cent | Quantity | Per cent | Quantity | Per cent |
| 1921 | 182.0 | 103.2 | 56.7 | 39.2 | 21.5 | 13.9 | 7.6 | 10.2 | 5.6 |
| 1922 | 205.3 | 112.0 | 54.6 | 49.1 | 23.9 | 14.9 | 7.3 | 10.5 | 5.1 |
| 1923 | 237.4 | 136.7 | 57.6 | 54.2 | 22.8 | 11.5 | 4.8 | 11.8 | 5.0 |
| 1924 | 235.2 | 133.7 | 56.8 | 51.6 | 21.9 | 12.7 | 5.4 | 12.0 | 5.1 |
| 1925 | 234.0 | 124.7 | 53.3 | 54.3 | 23.2 | 15.4 | 6.6 | 12.0 | 5.1 |
| 1926 | 247.7 | 132.3 | 53.4 | 50.6 | 24.1 | 13.8 | 5.6 | 15.0 | 6.1 |
| 1927 | 246.1 | 122.7 | 49.9 | 61.1 | 24.8 | 17.1 | 6.9 | 15.3 | 6.2 |
| 1928 | 269.4 | 139.5 | 51.8 | 63.3 | 23.5 | 23.3 | 8.6 | 13.5 | 5.0 |
| 1929 | 282.8 | 147.3 | 52.1 | 61.4 | 21.7 | 23.6 | 10.1 | 14.5 | 5.1 |
| 1930 | 264.7 | 134.0 | 50.6 | 60.0 | 22.7 | 25.7 | 9.7 | 15.0 | 5.7 |

¹ Compiled from Year Books of the American Bureau of Metal Statistics.

Mr. FESS. Mr. President, there is another very interesting fact from the standpoint of the United States, and that is the countries that have the control and management of the production of silver. In the production of silver American capital is far in the lead of the capital of any other country in the world. The countries that control the production of silver are the United States, the British Empire, and Germany, especially those three. It is interesting to follow the figures in reference to that control. It is, however, of no particular interest in this discussion, and so I ask unanimous consent to insert those figures in my remarks without reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

The figures are as follows:

Capital control of mine and refinery production of silver, 1929

| Producing countries grouped to show nationality of capital control | Mine production | | | Refinery production | | |
|--|-----------------------|--------------------------------------|-----------------------------------|-----------------------|--------------------------------------|-----------------------------------|
| | In millions of ounces | As percentage of domestic production | As percentage of world production | In millions of ounces | As percentage of domestic production | As percentage of world production |
| Controlled by American capital..... | 172.7 | ----- | 62.2 | 205.9 | ----- | 72.8 |
| United States..... | 61.2 | 100.0 | 23.4 | 147.3 | 100.0 | 52.1 |
| Mexico..... | 81.0 | 74.5 | 37.6 | 58.6 | 95.6 | 20.7 |
| Canada..... | 7.8 | 33.8 | 3.0 | ----- | ----- | ----- |
| Peru..... | 18.8 | 87.4 | 7.2 | ----- | ----- | ----- |
| Central America..... | 2.5 | 89.0 | 1.0 | ----- | ----- | ----- |
| Chile..... | 1.1 | 82.5 | .4 | ----- | ----- | ----- |
| Others..... | .3 | ----- | .1 | ----- | ----- | ----- |
| Controlled by British capital..... | 56.8 | ----- | 21.1 | 32.1 | ----- | 11.4 |
| Canada..... | 15.3 | 66.0 | 5.7 | 14.5 | 100.0 | 5.1 |
| Mexico..... | 21.5 | 19.8 | 8.2 | ----- | ----- | ----- |
| Australasia..... | 10.4 | 100.0 | 4.0 | 9.2 | 100.0 | 3.3 |
| India and Burma..... | 7.3 | 100.0 | 2.8 | 7.3 | 100.0 | 2.6 |
| Cape Colony and Transvaal..... | 1.0 | 100.0 | .4 | 1.1 | 100.0 | .4 |
| Others..... | 1.3 | ----- | .5 | ----- | ----- | ----- |
| Controlled by German capital..... | 5.1 | 100.0 | 1.9 | 28.6 | 100.0 | 10.0 |
| Germany..... | 5.1 | 100.0 | 1.9 | 28.6 | 100.0 | 10.0 |

Mr. FESS. Mr. President, I will omit a discussion of the question which has been rather confusing to me, as to the price of silver in countries other than our own, and come directly to the price of silver as compared with the price of other commodities not only in our country but, on the average, in other countries of the world. I will use as an example the price in New York, taking as a basis of comparison with silver, first, the prices of all commodities; second, the price of nonferrous metals, and, third, the price of farm products—especially the latter, because that is interesting to us all. An examination of the chart I have before me will show that the prices of all these four commodities have not had a uniform movement but a corresponding movement. In other words, if the price of one goes up, the other is likely to go up, but the prices do not go up to the same extent, while, if the price of one decreases the price of the other is likely to decrease, but the prices do not decrease to the same extent. If we take silver—

The PRESIDING OFFICER. If the Senator from Ohio will suspend for a moment, the Chair respectfully asks Senators to refrain from conversation or to retire to the cloakrooms. There is a tremendous amount of confusion in the Chamber.

Mr. FESS. I do not know, Mr. President, whether that situation is more embarrassing to me than it is to our visitors, but I will not be embarrassed, if any other Senator wants to talk, if I may just have the attention of the Presiding Officer; that is all I want.

The PRESIDING OFFICER. The Chair is glad to give his attention, but he is also distracted by the conversation which he can hear even from remote distances. There must be quiet in the Chamber, please.

Mr. FESS. Mr. President, I am tempted to make just a brief observation. Training in the other House, where a Member is permitted to take a position in the well of the House and address his colleagues face to face unfits one so trained to follow the rules of the Senate.

Here a Senator has to stand at his desk unless some colleague gives him permission to stand at his desk, and unfortunately a Senator's remarks must be addressed to the Presiding Officer. For that reason, if the Presiding Officer can, without difficulty, give attention that will have to suffice, no matter how much inattention there may be all around the speaker. The truth about the matter is the United States Senate is the worst place in which to make an address of any place in the world.

Mr. ASHURST. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Arizona?

Mr. FESS. I yield.

Mr. ASHURST. I would not want the impression to be created that the Senate lacks in according attention to speeches made by the learned Senator from Ohio [Mr. Fess]. If he will pardon me, I shall say that only yesterday I happened, by great favor, to come into possession of a book written by the learned Senator more than 20 years ago. It is entitled "History of Political Theory and Party Organization in the United States." I confess—and I do it with some shame—that I never read this book before, but I spent more than 3 hours last evening reading it, and I read nearly 200 pages thereof.

Mr. FESS. I thank the Senator.

Mr. ASHURST. The Senator need not worry about lack of attention. The Senate is peculiar in that most of its Members are speakers; they are busy, and what they do not hear they read in the Record; I do not belong to the Senator's political party, and am opposed to most of his political theories; but there is no Senator whose speeches are read with more avidity, and, I might say, from which more information may be gleaned, than the speeches of the able Senator from Ohio.

Mr. FESS. I thank the Senator very much. I think he is endeavoring to salve a situation in which a Senator is placed when he is dealing with figures which are interesting to but very few.

Mr. President, to resume where I was interrupted, if we will follow the price currents of silver and compare them with the price currents of all commodities, compare them with the price currents of nonferrous metals, and especially with the price currents of farm products, we will have an awakening to the fact that while the currents are in the same direction they are not uniform, and yet the difference is only in degree. That is well demonstrated especially by the price movements of farm products. Starting at the price index for farm products of 50 as compared with the silver index price starting at a hundred, and making it the base, by 1905 the farm price index varied very little, while the silver price index first dipped about 10 points and then recovered, and even went beyond a hundred. By 1915 the price of silver, undulating, reached the low point of 81, while the farm price went from 50 to just slightly below 80, a little below the silver price. Then the war came, and the index price of silver jumped from 81 to 180, while the farm price increased from about 70 to 155, about 25 points as yet below silver. Then the rapid decline started, and the price of silver dropped from 180 back to 100, while the farm price dropped down to about 90. They both start off again in a rather uniform undulation, with a little less variation in the farm price than in that of silver. Then when the unfortunate relapse came in 1929 a precipitate decline started and both went down almost identically, the price of silver a little below that of the farm price. That is true not only of these two commodities but it is true of the other two.

Mr. HATFIELD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from West Virginia?

Mr. FESS. I yield.

Mr. HATFIELD. Has the Senator the market price of silver in those days?

Mr. FESS. No; I have not.

Something has been said about the ratio indicating the comparative value of gold and silver. The ratio from 1866 to 1870 was 15.6 to 1; from 1871 to 1875 it was about 16 to 1; from 1876 to 1880 it was 17.9 to 1. I am giving the ratio of silver to gold. From 1881 to 1885 it was 18.6 to 1. There was a greater decline in silver or else a greater increase in gold, depending upon which we take as the base.

In the 4-year period, 1886 to 1890, silver was 21.1 to 1; from 1891 to 1895 it was 27 and a fraction; from 1896 to 1900 it was 33 and a fraction; from 1901 to 1905 it was 36 and a fraction; from 1906 to 1910 it was 35 and a fraction; from 1911 to 1915 it was 36.8 to 1; from 1916 to 1920 it was 23

to 1, a tremendous increase due to the fact that that was the period including the World War, silver jumping from a ratio of 37 to 1 to a ratio of 23 to 1. Then the decline started again. During the next 4-year period it dropped to a ratio of 31 to 1.

Then, taking it year by year, in 1926 the ratio of silver to gold was 33 to 1; 1927, 36 to 1; 1928, 35 to 1. In 1929, the boom year, there was a decrease in the ratio of silver to 39 to 1, and in 1930 it went to 53 to 1. Then came the great drop to 71 in 1931, and in 1932 it dropped further to 73.3 to 1.

Of course, those who are proponents of the preferment of silver contend that it is not the silver variation, but the gold variation; that silver is not becoming cheaper, but gold is becoming dearer. However, that is a point of controversy which I think it is hardly worth while for me to answer.

The price of silver shows less variation, as indicated by the chart I have just interpreted, than does the price of nonferrous metals. Since the war farm products have been more stable than silver. Since 1926, when prices began to fall, commodity prices fell at a slower rate than silver.

In the early part of the period the prices of farm products and nonferrous metals fluctuated more than the price of silver. After 1932 silver remained at the same level as in 1931, while general commodity prices, especially farm and nonferrous metals, continued their steep descent since the year 1931. I have a chart which shows that fluctuation.

It is not always safe to use the price of silver sold as a commodity as a basis for our comparison, but it is safe to measure the price of silver by its purchasing power. It is hard to convince people that really the high wage is not a high wage. When measured by its real value it must be on the basis of how much of goods necessary for consumption the high price will buy. Frequently we are confused about whether silver is going down or gold is going up. One of the things that will help us in that situation is to use the purchasing power of silver instead of the price of silver, the purchasing power of silver meaning how much the silver will buy of the things we have to have. Let us take that as a basis of comparison.

The value of silver in purchasing power compared with the purchasing power of gold and nonferrous metals, with which we have made a comparison, will be found to be as follows. I shall take silver and gold, omitting the nonferrous metals. Beginning in 1900, starting at 180, gold had a gradual decline. There was no upward trend from 1900 until about 1903, when there was a very slight upward movement of gold, immediately followed by a downward movement until 1910, while silver had a sharp fall from 180 in 1900, reaching the low point of 142 in 1904. Immediately it took an upward curve to such a point that in 1906 silver was above gold by about 5 points, gold gradually declining in purchasing power. In 1906 silver began to take a downward trend so that by 1910, while gold had reached 141, silver had dropped to 120.

In 1910 gold took a slight upward trend, as did silver also, but silver went further than gold. Immediately a reversion set in and gold slightly declined while silver greatly declined. Silver declined from about 138 to 128, while gold declined from 152 to only about 146. This decline continued until 1915, which was 1 year after the World War broke out in Europe. Now, we will see a most remarkable trend on the part of gold.

In 1915 the purchasing power of gold stood at 140. By 1920, including the period of the war, it had dropped from 140 to 64. Silver in the same period declined, but not so much as gold. In other words, the statement in purchasing power would be that gold had gone up as measured by the amount it would buy, although that seems ridiculous.

Then if we follow the curve we find that gold jumped from 64 in 1920 to over 100 in 1922 and remained almost uniform at that figure until 1927. In 1929 the curve went upward and reached the high point of 148 in 1932, while silver reached the low point of only 64.

Mr. President, that movement, which marks not the price of gold and silver except as measured in goods they will buy,

what we call purchasing power, is most interesting during that particular period.

This chart shows that silver is not the only commodity whose purchasing power has fallen. The relative position of silver, if measured in commodities, taking for comparison 550 commodities sold at wholesale, is but 0.1 of 1 percent of the value of the articles in which we are dealing.

Had the wholesale value of silver been compared with the total value of commodities in the United States in any one year, the proportion would have been less. Of whatever importance silver has been, it has not suffered at least as much as many of the important commodities in which it is measured.

I have selected a group of the 550 commodities to which I refer, and have indicated first the percentage of average converted to a purchasing-power index, and the value of these various commodities of the United States as elements of production. Silver is 0.1 of 1 percent of the total production, silk and rayon represent 2.6 percent, hogs constitute 2.7 percent, and the grains constitute 3.6 percent. Silver, as I have stated, is only 0.1 of 1 percent.

I therefore summarize what, in my judgment, these figures indicate, as follows:

First, that silver, though unstable in price, is more stable than a great many other commodities.

Second, the price level of many commodities corresponds very well to the price level of silver. During the present depression, nonferrous and farm products have declined in price further than silver has declined. The same thing is true of the purchasing power of many of these commodities.

I have before me, if it should be thought of any importance, a comparison of the value of silver with the values of other minerals in the same silver-producing countries. I was surprised to find that iron constitutes 12.3 percent of the value of all the minerals produced in the mineral-producing sections of our State, while silver, which we regard as quite important, constitutes only 0.6 of 1 percent in value of the minerals produced in the country. Bituminous coal amounts to 18 percent, while petroleum amounts to 21 percent.

These figures as to the comparative value of all minerals produced in the United States in contrast with that of silver, I think, are important; and while I do not care to read them, I ask that they be inserted in the RECORD.

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

Value of principal minerals produced in the United States, 1925-29¹
[5-year averages]

| Mineral | In millions of dollars | As percentage of all minerals produced |
|--|------------------------|--|
| Silver..... | 37.2 | 0.6 |
| Aluminum..... | 42.6 | .7 |
| Copper..... | 263.5 | 4.6 |
| Gold..... | 47.1 | .8 |
| Lead..... | 92.9 | 1.6 |
| Zinc..... | 80.6 | 1.4 |
| Ferro-alloys..... | 62.3 | 1.1 |
| Iron..... | 705.7 | 12.3 |
| Cement..... | 275.5 | 4.8 |
| Clay products..... | 400.9 | 7.0 |
| Bituminous coal..... | 1,032.0 | 18.0 |
| Anthracite coal..... | 400.4 | 7.0 |
| Natural gas..... | 332.1 | 5.8 |
| Natural gasoline..... | 134.6 | 2.3 |
| Petroleum..... | 1,248.2 | 21.8 |
| Sand..... | 113.7 | 2.0 |
| Stone..... | 192.1 | 3.3 |
| All minerals (including those not listed)..... | 5,738.6 | 100.0 |

¹ Compiled from Mineral Resources of the United States.

Mr. FESS. In our country, therefore, from the standpoint of value, silver constitutes six-tenths of 1 percent of the total production of minerals. The value of our total mineral production is but 3 percent of the entire income of the United States. As less than 1 percent of the total revenue from the mining industries comes from silver, its pro-

duction must necessarily be regarded as of somewhat minor importance. Since the United States produces one-fourth of all the silver produced in the world, the world supply is of comparatively small consequence.

I have here the figures of the mineral production of Mexico and Peru. I do not see any particular value in taking the time to read them, but I should like to have them inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Value of principal minerals produced in Mexico, 1925-28¹
[4-year averages]

| Minera | In millions of dollars ² | As percentage of all minerals produced |
|--|-------------------------------------|--|
| Silver..... | 61.9 | 24.5 |
| Lead..... | 36.1 | 14.3 |
| Zinc..... | 18.4 | 7.3 |
| Copper..... | 18.1 | 7.2 |
| Gold..... | 15.0 | 5.9 |
| Coal..... | 3.7 | 1.5 |
| Iron..... | 2.5 | 1.0 |
| Petroleum..... | 95.0 | 37.5 |
| All minerals (including those not listed)..... | \$ 262.8 | 100.0 |

¹ Data for all minerals except petroleum are from *Anuario de Estadística Minera*, Secretaría de Industria, Comercio y Trabajo, Mexico. Data for petroleum are from *Boletín del Petróleo*, Secretaría de Industria, Comercio y Trabajo, Mexico.

² Values originally in Mexican pesos were converted to dollars at the average rate of exchange for each year.

³ This value figure does not include the production of all minerals. According to reports to the U.S. Department of Commerce by its representatives in Mexico, small quantities of cement, clay products, sand, and stone, for which no official data are available, are produced in Mexico. The Statistical Year Book of the League of Nations, 1932, p. 123, also shows that Mexico produces annually a small amount of cement.

Value of principal minerals produced in Peru, 1925-28¹
[4-year averages]

| Mineral | In millions of dollars ² | As percentage of all minerals produced |
|--|-------------------------------------|--|
| Silver..... | 12.6 | 13.1 |
| Copper..... | 15.4 | 16.1 |
| Vanadium..... | 4.2 | 44.4 |
| Lead..... | 1.8 | 1.9 |
| Gold..... | 2.0 | 2.1 |
| Petroleum..... | 54.9 | 57.3 |
| All minerals (including those not listed)..... | 95.8 | 100.0 |

¹ Extracto Estadístico del Peru, Bureau of Statistics, Peru, 1927-30.

² Value figures, originally in Peruvian pounds, were converted into dollars at the average rate of exchange for each year.

Mr. FESS. I think the most difficult problem we have in dealing with silver—not if it were kept simply as a commodity, but especially if it is to be used as a monetary factor—is the price it is to command at the agencies that produce it. Has the decline in the price of silver in India and China, the two great silver-consuming countries, reduced their purchasing power in foreign markets, and thereby largely aided in bringing about the present depression?

That is the biggest question I have in mind. The statement that that is the case has been made by the author of the bill, and also by Senators like my good friend from Utah [Mr. KING] and others who are well versed on the subject. Their statements led me to believe at one time that in all probability we ought to have a more facile use of silver in order to share the markets of the Orient. I stated when the other bill was under consideration that I thought there ought to be a greater use of silver; that I looked with some favor upon silver legislation, for the following reasons:

First, because silver is an American commodity, and when its production can be encouraged without any injury to the public it ought to be done.

Secondly, I had the feeling that we would be justified in accepting silver in payment of a certain amount of the

foreign debt. I do not need to state why I was willing to have that done.

Thirdly, the thing that made a greater impression on my mind than anything else was the claim that a larger use of silver would largely facilitate our trade with the Orient; and at the time that seemed to me rational. I have since gone into the subject more thoroughly, however, and I have serious doubts about it at the present time, to say nothing of the fact that the commerce of China is only 2 percent of the world's commerce, so that it is comparatively inconsequential. Assuming it to be large, however, which I doubt very much when I take the facts which have been prepared by Dr. Kemmerer—who ought to be the best-posted man on silver that we have in this country, at least, because he was called to China to take charge of her financial situation for a period of time—I raised the question, "Has the decline in the price of silver in India and China reduced their purchasing power as has been alleged, and, therefore, been a major cause in the depression?"

China continues to import silver in spite of the depression. This means only one thing, that is, that she maintains a favorable balance of trade, which indicates that she has not suffered from the low price of silver, since she has not been purchasing foreign goods with silver, but has been importing silver.

I desire to give here the figures which will detail the current of trade in China, showing the net imports and exports of silver from 1890 to 1932.

The net imports in the 4-year period from 1890 to 1894 were six and a fraction million fine ounces.

In the next 4-year period the net imports were 11,000,000 ounces.

Between then and 1904 there were no imports, but exports of nearly 6,000,000 ounces.

In the next 4-year period, up to 1909, there were further exports of 15,000,000 ounces.

Then began the large imports.

In 1910 China imported a little more than 26,000,000 ounces.

In 1911 she imported 46,000,000 ounces, almost double the amount of the preceding year.

Then there was a drop in 1912 of 23,000,000 ounces.

In 1913 there was an increase of 20,000,000 ounces, which is an increase of almost 100 percent.

In 1914, the year of the war, the imports were entirely wiped out, and China exported 16,000,000 ounces, and she continued to export until 1917. That year she exported 25,000,000 ounces.

Then, in 1918—which was the year, as Senators will recall, when we passed some silver legislation on behalf of India—China imported 28,000,000 ounces, and the next year considerably over 100 percent more, 64,000,000 ounces, and in 1920 111,000,000 ounces of fine silver. This is what China imported at the very time we are talking about her trade being so depressed.

She cannot import if the balance of trade is against her. She imports because the balance of trade is favorable.

In 1921 she imported 39,000,000 ounces; in 1922 she imported 47,000,000 ounces; in 1923 she imported 81,000,000 ounces. The increase continued. In 1927 the importations amounted to 78,000,000, and in 1928 to 128,000,000. In 1929, our boom year, the importations amounted to 127,000,000.

Then began the drop. In 1930 China imported only 81,000,000 ounces, in 1931 only 55,000,000, in 1932 only 29,000,000. It is evident that if the decrease continues, the necessity for importations will cease, and she will be exporting.

Mr. President, I cite these figures as a refutation of the theory that the failure of the business of China is due to silver, because her business is constantly increasing, judged by the favorable balance she shows, and that is displayed in the large increases in imports of silver.

I ask that the table to which I have been referring be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

China's net imports and exports of silver, 1890-1932¹ (in millions of fine ounces)

| Period: | Net imports ² |
|-----------|--------------------------|
| 1890-94 | 6.1 |
| 1895-99 | 11.0 |
| 1900-1904 | -5.8 |
| 1905-09 | -15.1 |
| 1910 | 26.3 |
| 1911 | 46.2 |
| 1912 | 23.2 |
| 1913 | 43.4 |
| 1914 | -16.4 |
| 1915 | -22.2 |
| 1916 | -34.6 |
| 1917 | -25.3 |
| 1918 | 28.4 |
| 1919 | 64.1 |
| 1920 | 111.7 |
| 1921 | 39.1 |
| 1922 | 47.8 |
| 1923 | 81.1 |
| 1924 | 31.4 |
| 1925 | 75.4 |
| 1926 | 64.2 |
| 1927 | 78.6 |
| 1928 | 128.4 |
| 1929 | 127.7 |
| 1930 | 81.0 |
| 1931 | 55.0 |
| 1932 | 29.3 |

Mr. FESS. Mr. President, another study most significant is a comparison of the net imports of silver with the net imports of gold. Especially is that true where the allegation is made that silver is discriminated against on behalf of gold.

If we take the same period, beginning with 1900 and running to 1931, confining our attention to the imports of the two metals to China, we find that in the 4-year period from 1904 there were no imports of silver, but there was an export of about 3,000,000 ounces. There was also an export of gold of eight-tenths of a million ounces.

In the next 4-year period there were no imports of silver, and there were fewer exports of gold. There were, however, about 10,000,000 ounces of silver exported and three-tenths of a million ounces of gold exported.

From 1910 to 1914 there were net imports of silver of 14,000,000 ounces, while eight-tenths of a million ounces of gold were exported.

From 1915 to 1919 the imports of silver amounted to eleven and one-tenth millions, while the imports of gold amounted to twelve and seven-tenths millions. It is difficult for me to understand how that happened. During the preceding 4 years there was an export of gold of eight-tenths of a million ounces, and in the next 4 years there was an import of nearly 13,000,000 ounces of gold at the very time when there was an import of silver of only 11,000,000 ounces, less than the imports of gold, while gold had been constantly exported, and that continued after that year. It must be explained by the fact that that was the period of the war from 1915 to 1919.

Immediately following that, from 1920 to 1924, there was a large import of silver, about 50,000,000 ounces, but an export of gold of 8,000,000 ounces.

From 1925 to 1929 there was an importation of 56,000,000 ounces of silver, and an exportation of about a million ounces of gold.

Mr. President, this indicates that if gold is being used as the money of exchange, then the export of gold would indicate that the balance of trade was against China. But if silver is being used as the money of exchange, it would indicate that the balance of trade is favorable to China. The evidence, taken from the earlier figures, is that China has a balance of trade favorable to her. That is the reason

¹ Data are from Foreign Trade of China, Chinese Maritime Customs, Shanghai. The original figures in Haikwan taels have been converted into fine ounces at 1.20665 ounces per tael. Figures are 5-year averages through 1909 and on a yearly basis thereafter.

² Minus sign indicates net exports.

why China does not look with favor upon the proposal of this country to increase the price of silver. That will not be to her advantage, but rather to her disadvantage, a matter with which I shall deal later on.

I ask that the table to which I have been referring may be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

China's net imports of silver and gold, 1900-1931¹
[In millions of dollars]

| Period | Net imports of silver ² | Net imports of gold ² |
|-----------|------------------------------------|----------------------------------|
| 1900-1904 | -2.9 | -0.8 |
| 1905-09 | -9.7 | -3 |
| 1910-14 | 14.1 | -8 |
| 1915-19 | 11.1 | 12.7 |
| 1920-24 | 49.5 | -8.7 |
| 1925-29 | 56.2 | -9 |
| 1930 | 30.9 | -7.6 |
| 1931 | 15.1 | -10.9 |

¹ Data are taken from Foreign Trade of China, Chinese Maritime Customs. The original figures in Haikwan taels have been converted into dollars at the average rate of exchange for each year. Prior to 1930 the figures are 5-year averages.

² Net exports are indicated by the minus sign; net imports are shown as positive numbers.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. BORAH. May I ask the Senator what part of China is objecting to the advancement of the price of silver?

Mr. FESS. I have to assume that the voice of China will probably be heard from Shanghai, which is the great center.

Mr. BORAH. What I intended to convey by my question was that those who are interested in establishing cotton mills and other industries in China, and who are taking away the trade of England and of the United States and of India in the cotton business, are interested in cheap silver in China, there is no doubt, but, outside of them, I doubt whether there will be found any great support.

Mr. FESS. That subject would be worth investigation. I must confess that I have not gone into it.

Mr. President, the price of silver in New York and the present-day ratio of the index of the volume of imports into China to the index of the volume of exports from China for 1931 show the relationship between the price of silver and China's ability to purchase foreign commodities. The ratio tends to vary inversely with the price of silver, which indicates that imports relative to exports tend to increase in volume when the price of silver is relatively low, and to decrease when it is relatively high.

Does it not follow that if the ability of China to purchase in foreign countries were determined by the price of silver alone, there would be a direct correlation between the price and the ratio; that is, that a decline in the price of silver would be accompanied by a decrease in imports relative to exports, and vice versa? It seems to me obvious that China's capacity to purchase foreign goods, so far as imports indicate, has been enhanced, rather than curtailed, by the fall in the price of silver. That is a conclusion which, it seems to me, these facts warrant.

Mr. President, if we consider the variations in the foreign trade of China and the United States, and in the trade between these countries from 1925 to 1932, we will find, I think, significant conclusions to be drawn. I have here the figures of the imports and exports of China as compared with the imports and exports of the United States. They indicate only what I stated a while ago in interpreting the chart about which I was speaking. Instead of taking the time to read these figures into the RECORD, which are confirmatory of the statement I have just made about the low price of silver being an enhancement of trade, rather than a deterrent of trade, I ask unanimous consent to have the figures printed in the RECORD, instead of reading them.

The PRESIDING OFFICER. Is there objection?

There being no objection, the figures were ordered to be printed in the RECORD, as follows:

Variations in the foreign trade of China and the United States and in the trade between these countries, 1923-32

[Value figures, in dollars, as percentages of the respective 1923-25 averages]

| Calendar year | China ¹ | | United States | | Imports from China into United States ² | Exports to China from United States ³ |
|---------------|--------------------|-----------------|---------------|---------|--|--|
| | Imports | Exports | Imports | Exports | | |
| 1925..... | 101 | 104 | 109 | 108 | 107 | 90 |
| 1926..... | 108 | 105 | 114 | 106 | 91 | 106 |
| 1927..... | 89 | 101 | 108 | 107 | 96 | 80 |
| 1928..... | 107 | 112 | 106 | 113 | 89 | 133 |
| 1929..... | 102 | 104 | 113 | 115 | 105 | 119 |
| 1930..... | 76 | 66 | 79 | 84 | 64 | 87 |
| 1931..... | 61 | 49 | 54 | 53 | 42 | 94 |
| 1932..... | ³ 44 | ³ 27 | 34 | 35 | 16 | 54 |

¹ Basic data are from the Foreign Trade of China, Chinese Maritime Customs. The original figures in haikwan taels were converted into dollars at the average rate of exchange for each year.

² Basic data are from Commerce Yearbooks, 1925-32.

³ Statistics of the imports and exports of China for 1932 are not complete. Figures of imports into and exports from the Manchurian ports cover only the first 6 months. During 1928-31 imports into and exports from these ports on the average comprised 15 and 33 percent, respectively, of China's total imports and exports.

Mr. FESS. Mr. President, the table shows that the decline in China's foreign trade was no greater than that of the United States on a gold basis. In 1932 the imports and exports of the United States fell to about the same level, while in China exports dropped far below imports. In 1932 the gold value of Chinese imports from the United States was 54 percent of the value of accrued imports from this country during 1923 to 1925, while the corresponding figure for the United States imports from China was only 16 percent.

This indicates that Chinese imports were sustained. The decline in the foreign demand for Chinese goods, rather than the fall in the price of silver, probably explains the decline in the gold value of Chinese imports of recent date.

The table shows that China imported 19 percent more goods in 1931 than she did on an average from 1923 to 1925, while, on the other hand, exports declined both in volume and value during 1930-31. While the price of silver was falling drastically, there was considerable increase in the ratio of imports to exports.

In contrast, the principal volume of imports into the United States shows a decrease, while the physical volume of purchase of the United States from all countries has shown only a slight absolute reduction.

The demand of the United States for China's commodities during that period had sharply declined. On the other hand, the volume of China's purchases from the United States has remained quite large.

These facts, it seems to me, indicate that the fall in the price of silver has not only had no appreciable adverse effect on China's ability to import foreign goods, but that her capacity to purchase in foreign markets would have been greater had foreign countries been able to purchase more from her, and that is the cause of the falling of the trade rather than the change in the price.

The facts which I have just mentioned are demonstrated, in my judgment, by the figures I have before me, using the years 1923 to 1931, showing import index compared with export index and the percentage as to China being compared with the import index, export index, and percentage index of the United States. I do not care to take the time to read these figures in demonstration of the statement, but will ask unanimous consent to have them printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

Import-export ratios for China and the United States and for China's trade with the United States, 1923-31¹
[Average 1923-25=100]

| Calendar year | China | | | United States | | | China's trade with the United States | | |
|---------------|--------------|--------------|--|---------------|--------------|--|--|--|--|
| | Import index | Export index | Import index as a percentage of export index | Import index | Export index | Import index as a percentage of export index | United States exports to China (index) | United States imports from China (index) | Export index as a percentage of import index |
| 1923..... | 96 | 101 | 95 | 100 | 90 | 111 | 110 | 105 | 105 |
| 1924..... | 106 | 101 | 105 | 97 | 102 | 95 | 103 | 80 | 129 |
| 1925..... | 98 | 98 | 100 | 103 | 108 | 95 | 87 | 116 | 75 |
| 1926..... | 116 | 104 | 111 | 110 | 115 | 96 | 97 | 97 | 100 |
| 1927..... | 98 | 114 | 86 | 112 | 124 | 90 | 88 | 109 | 81 |
| 1928..... | 117 | 115 | 102 | 113 | 130 | 87 | 129 | 100 | 139 |
| 1929..... | 125 | 110 | 113 | 129 | 133 | 97 | 130 | 119 | 109 |
| 1930..... | 117 | 97 | 121 | 109 | 108 | 101 | 118 | 91 | 130 |
| 1931..... | 119 | 97 | 123 | 98 | 86 | 114 | | | |

¹ The indexes of Chinese imports and exports for 1923-30 are those of Franklin L. Ho, Quarterly Journal of Economics and Statistics, March 1932, pp. 128-49, Nankai Institute of Economics, Tientsin. The index numbers for 1931 have been computed by the writer. (For further explanation regarding Ho's and the writer's indexes see table VII, p. 149.) Indexes of imports and exports of the United States are those of the Bureau of Foreign and Domestic Commerce, U.S. Department of Commerce. The methods used in computing these indexes are described in Commerce Yearbook, 1925, pp. 76-77. The indexes of the exports to China from the United States and of imports from China into the United States are from F. D. Graham, The Fall in the Value of Silver and its Consequences, Journal of Political Economy, August 1931, p. 433. All the indexes have been converted to the common base 1923-25 by the writer.

Computed from the Specified Indexes of Physical Volume of Trade.

Mr. FESS. Also, Mr. President, the import-export price comparisons with a single city's exports and imports, namely Shanghai's, is of significance, but in identically the same line as if the whole of the Republic of China were taken for comparison purposes. I am, therefore, asking unanimous consent to insert these figures without reading them.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

Import-export price comparisons for Shanghai, the United States, Canada, and India computed from the specified price indexes
[1926=100]

| Calendar year | Shanghai | | | United States | | | Canada | | | India | | |
|---------------|--------------------|--------------------|--|--------------------|--------------------|--|--------------------|--------------------|--|--------------------|--------------------|--|
| | Import price index | Export price index | Import index as a percentage of export index | Import price index | Export price index | Import index as a percentage of export index | Import price index | Export price index | Import index as a percentage of export index | Import price index | Export price index | Import index as a percentage of export index |
| 1925..... | 102 | 97 | 105 | 102 | 109 | 94 | 106 | 103 | 103 | 108 | 111 | 98 |
| 1926..... | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 1927..... | 107 | 105 | 101 | 92 | 94 | 99 | 96 | 98 | 98 | 94 | 95 | 98 |
| 1928..... | 103 | 105 | 98 | 90 | 94 | 97 | 97 | 94 | 103 | 96 | 95 | 101 |
| 1929..... | 108 | 105 | 102 | 85 | 95 | 89 | 93 | 93 | 100 | 91 | 89 | 102 |
| 1930..... | 127 | 108 | 117 | 69 | 86 | 81 | 87 | 80 | 110 | 87 | 74 | 117 |
| 1931..... | 150 | 108 | 140 | 53 | 67 | 79 | 72 | 65 | 112 | 78 | 57 | 137 |

Indexes of import and export prices are from: Shanghai, the Shanghai Market Price Report, 1925-32, National Tariff Commission, Shanghai; United States, Commerce Yearbook, 1925, pp. 76-77 and later volumes; Canada, Prices and Price Indexes 1913-29, Canada Dominion Bureau of Statistics, p. 216, and Canada Year Book, 1932, p. 700. For commodities included in the Canadian indexes, see Price and Price Indexes, 1913-26, pp. 169-170. The indexes for India have been computed by the writer by dividing the relatives of value (in rupees) of India's imports and exports by the writer's indexes of the physical volume of imports and exports, respectively.

Mr. FESS. Mr. President, in times of depression demand for raw materials falls more rapidly than the demand for finished products. This statement can be demonstrated by a study of the currents of trade. Countries producing raw materials suffer greater decline than those exporting manufactured articles. Hence the more rapid decline in China, India, and Canada, because they are raw-material export-

ing countries, than we find in the United States, because we are the exporter of finished products rather than raw materials. This is not due to fall in monetary value of either gold or silver but to fall in demand for foreign goods, especially raw materials, which is most greatly felt in China, India, and Canada, which countries export raw materials.

Mr. President, I have the figures upon the exportation of raw materials as compared with the exportation of finished products, giving the ratio of index of raw-material price to index of finished-product price, covering the years from 1926 to 1931, and I think the study of those figures will demonstrate what I have stated.

I therefore ask unanimous consent to have them inserted in the RECORD without reading them.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement referred to is as follows:

Comparison of wholesale price indexes of raw materials and of finished products in the United States, 1926-31¹
[1926=100]

| Year | Index of raw-material price | Index of finished-product price | Ratio of index of raw-material price to index of finished-product price |
|------|-----------------------------|---------------------------------|---|
| 1926 | 100 | 100 | 100 |
| 1927 | 97 | 95 | 102 |
| 1928 | 99 | 97 | 102 |
| 1929 | 98 | 96 | 102 |
| 1930 | 84 | 88 | 95 |
| 1931 | 66 | 75 | 88 |

¹ The index numbers are those of the Bureau of Labor Statistics, U.S. Department of Labor.

Mr. FESS. Study of these figures will indicate the general truth of the statement I made a while ago that in times of depression the countries which export raw materials suffer much more than the countries which export finished products. And since our country is an exporter of finished products, and China and India are raw-material exporting countries, the suffering in those countries would be greater by the falling off of this trade than any effect that the monetary factor would indicate.

In the discussion of silver from the international standpoint, India and China are linked together, as they always are, because they are on the same monetary basis. India has been on gold exchange from 1901 to 1931. Since 1931 she has been on the sterling exchange standard. The Indian rupee since the Currency Act of 1927 has tied its value to the pound sterling at 1 shilling and 12 pence, or 18 pence circulation at 18 pence regardless of the silver content. The price of silver does not seem to affect the purchasing power of the rupee in foreign commerce.

I know that Senators listening to me doubt that statement, but I believe that the study of these facts indicating the current of trade between us and those two countries will demonstrate the accuracy of that statement.

In fact, the price of silver in India in 1931-32 fell less than the general commodity price. The index price ratio will show that the purchasing power of silver actually increased when confined to domestic trade. It is not so, of course, when it comes to foreign trade, where silver has declined more than the price of imported articles, such as finished products, which are India's chief imports. But as India has been a consistent importer of silver it would seem she has not suffered from the necessity of sending silver abroad for finished goods. Since India's holdings of gold are larger than those of silver, she would protect herself against loss by exporting gold instead of silver at a loss.

This certainly is borne out by what actually takes place.

This trend can easily be illustrated by an examination of the facts. Mr. President, I have here a table showing the price of silver in Bombay and New York compared with

wholesale prices of general commodities in Calcutta, affording a comparison of prices between these two centers. I do not care to take the time to read the figures, but will ask to have them inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table referred to is as follows:

The price of silver in Bombay and New York compared with wholesale prices of general commodities in Calcutta, 1926-32
[1926=100]

| Calendar year | Wholesale prices in Calcutta | Silver price in Bombay | Silver price in Bombay as a percentage of wholesale prices in Calcutta | Silver price in New York | Silver price in New York as a percentage of wholesale prices in Calcutta |
|---------------|------------------------------|------------------------|--|--------------------------|--|
| 1926 | 100 | 100 | 100 | 100 | 100 |
| 1927 | 100 | 91 | 91 | 91 | 91 |
| 1928 | 98 | 93 | 95 | 94 | 96 |
| 1929 | 95 | 85 | 89 | 85 | 89 |
| 1930 | 78 | 75 | 96 | 62 | 79 |
| 1931 | 61 | 68 | 111 | 46 | 75 |
| 1932 | 45 | 61 | 136 | 46 | 102 |

¹ Compiled from Indian Trade Journal. Since the suspension of gold payments by Great Britain toward the end of September 1931, India has not been on the gold-exchange standard. To make the index numbers subsequent to the suspension comparable with the earlier index numbers, which were on a gold basis, the index numbers from October 1931 on have been adjusted by multiplying them by the corresponding index numbers of the rates of exchange of the rupee in terms of the dollar.

² The relatives for 1927-30 were computed from data taken from the Annual Market Reviews published by Premchand Roychand & Sons, Bombay. The original figures represent the average price in Bombay per 100 tolas (ready). The relatives for 1931-32 were computed from data compiled from Cotton and Finance, Bombay. They represent the annual average of monthly prices. The original figures were quotations in Bombay at the end of each month per 100 tolas (spot). Like the index of wholesale commodity prices, the monthly relatives from September 1931 on were adjusted to make allowance for the decline in rupee exchange rates on the United States in consequence of the abandonment of the gold standard by England.

³ Computed from data obtained from Annual Report of the Director of the Mint, 1932, p. 127.

Mr. FESS. That India's foreign trade has not suffered from a depressed price of silver is shown by statistics. It is demonstrated that if a low price of silver will adversely affect foreign trade, then a high price of silver would improve foreign commerce. This would require the price of silver to correspond to the ratio of imports to exports. But a chart of the foreign trade prices shows that the tendency is adverse; that as the price of silver declines the import ratio varies adversely with that of exports.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. BORAH. The Senator has been speaking of India and the silver question in connection with India. Will the Senator object to my reading a paragraph from Sir Osborne A. Smith, president of the Imperial Bank of India?

Mr. FESS. I shall be glad to have the Senator do so.

Mr. BORAH. He says:

The economists throughout the world are agreed that maldistribution of gold and overproduction of goods are two of the fundamental causes of the depression. If we consider the fact that the great masses of the Orient are half-starved and less than half-clad, one cannot say that there is overproduction in terms of requirements, but rather that there is overproduction in terms of purchasing power. Our job, then, is to recreate purchasing power, and we have the instrument at hand in silver, of which these masses are possessed. The remonetization of silver will furnish us with a needed purchasing power, and will cause to disappear, through consumption, the world overproduction of goods.

Mr. FESS. That is a statement by Sir Osborne A. Smith, who says that the economists of the world are agreed. I shall indicate before I get through that that is not true.

Mr. BORAH. I think myself that Sir Osborne Smith spoke rather freely when he said that the economists were agreed on anything.

Mr. FESS. I think so, too. However, I did not wish to convey the inference that the Senator did about economists when I suggested that I did not think that was true, but I do agree with what he inferred. When one can get economists to agree one can succeed in getting oil and water to mix.

Mr. President, the graph that would indicate the price of silver as compared with the import-export percentage ratio is worthy of study. I am convinced that anyone who will look over it as it is demonstrated in the actual figures, showing what the imports and the exports are, will agree with me that the price of silver does not have the effect which so many of our friends are claiming for it.

This graph shows that silver fell in 1926-27 while the ratio of imports to exports rose; silver increased in 1928 and the latter decreased; silver declined in 1929 while import ratio increased in 1929 but decreased in 1930-31. This drop was largely due to boycott of goods by Indian patriots and a general trade movement due to a world decline in demand for raw materials, the chief supply of export goods to be exchanged for imports of finished products.

The foregoing facts compel the conclusion that the decreasing foreign trade of the two chief silver-consuming countries is not due to the falling price of silver, for the imports of finished goods of those two countries have been fairly well sustained throughout the depression, and, notwithstanding the decline in the world demand for raw material, China has been continuously importing silver on net balance, and India for hoarding purposes.

It is the judgment of economists that instead of attributing the world depression to the inability of the Orient to purchase from the Occident because of the fall in the price of silver, it should be stated that what little brightness there is in the economic gloom of the world is partly due to that degree of sustained capacity of these two silver countries still to make a market for our goods.

The Senator from Idaho [Mr. BORAH] in mentioning Mr. Smith referred to the economists. Mr. President, I have in my hand the resolution adopted by the Executive Committee of the Economists' National Committee on Monetary Policy. These economists, to the number of about 100, I regard as being the best thinkers in our country on subjects of economics, including money. This group of a hundred men and women, through their executive committee, adopted the following resolution touching silver legislation, not as to this particular bill but as to the claims for a larger use of silver:

Watching with grave concern the various silver measures introduced and proposed in Congress, the executive committee of the Economists' National Committee on Monetary Policy wishes to go on record as opposing these notoriously unsound proposals to do something for silver, whether they involve the introduction of bimetallism or symmetallism, or the purchase of silver for the purpose of increasing our silver reserves or the circulation of silver or silver certificates.

The adoption of this resolution, Mr. President, suggests a growing opinion, as expressed by the frequent discussion throughout various parts of the country, toward uniting silver and gold not as two metals but as one, so as to have symmetallism instead of bimetallism. I do not believe that it is worth while to repeat any argument on the possibility of bimetallism on the part of our country alone. I said yesterday that I would be glad to see bimetallism inaugurated if with our country the leading commercial countries of the world would join. Under such circumstances I think it would be an advantage; but to operate alone or to proceed without regard to other countries, it seems to me, would be fatal.

Now the proposal is that we can avoid the confusion of attempting to have two metals circulate by combining them. There seems to be in some sections of the country a great deal of interest in that possibility. I notice that in high circles there is now being discussed the feasibility of having an international currency, of having, instead of an American dollar, an international dollar, or pound sterling, or whatever it may be called. There has been much talk of that, and some expressions in high circles in our Government in favor of taking the step under this legislation of impounding all the silver just as we have impounded all the gold, and making it illegal for an individual to possess silver under the limitations we have provided in connection with the possession of gold.

Then, after we have all the gold and all the silver impounded, it is contended in some places that we should proceed to inaugurate some kind of an international currency, having the governments of the world join us, because we stand ready to buy all the gold and all the silver that might be offered to us. I do not know how much there is in that rumor, but it is sufficient to say that such a plan is being talked about, and, at least, when we are to vote on nationalizing silver, as provided in this bill, giving authority to the President to take all the silver, as he has authority to take all the gold, we want to know just what is to be the policy to be inaugurated to carry out such a plan. At any rate, it is too uncertain to enable me to act with freedom.

Now, proceeding further to read from resolution of the executive committee of this group of 100 economists:

Recognizing that those various prosilver proposals are extremely dangerous, if the lessons of monetary history and the principles of money are to have any place in the consideration of monetary legislation in this country, this committee resolves:

1. That no additional silver should be purchased at any price except for the necessary fractional silver coins as provided for under the laws enacted prior to the Thomas amendment of May 12, 1933.
2. That the purchase of silver bullion at artificial prices will not promote sound recovery, but, on the contrary, will add to the liabilities of the Government and reduce confidence in the Nation's currency.
3. That the restoration of bimetallism at the market ratio would cause national injury and retard recovery.
4. That the restoration of bimetallism at a ratio of 16 to 1 would be a national calamity.
5. That a rise in the price of silver benefits materially neither domestic industry nor the foreign trade of the United States.

These are the resolutions adopted by this group of economists.

Then the argument proceeds:

Perhaps a brief survey of our experience with bimetallism and of the past efforts to do something for silver will be of some service in enabling the public to see the present proposals before Congress in their proper perspective.

Mr. President, the history of bimetallism in our own country is of such common knowledge that I do not intend to take the time of the Senate to repeat what is well known to every person who has any acquaintanceship whatever with the history of the monetary question in the United States; but, after reciting the history of bimetallism and its effect, this group of economists proceed:

On four occasions, however, the silver interests have managed to get through Congress legislative measures which gave them a Government subsidy. In 1878 the Bland-Allison Act, passed over Hayes' veto, commanded the Treasury to buy not less than \$24,000,000 worth of silver bullion per year and to coin it into silver dollars.

They might also have stated not less than \$24,000,000 worth and not more than \$48,000,000 worth, because that was the provision of the law.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Idaho?

Mr. FESS. I yield.

Mr. BORAH. Mr. President, the Bland-Allison Act and the Sherman Act, silver-purchasing acts, were not the acts or measures which the silver people were advocating; they were compromises and were never satisfactory to the advocates of silver. They were never believed in as a remedy for the silver problem. They were the result of a compromise dictated in large measure by Mr. Allison and by Mr. Sherman, both of whom were against silver.

Mr. FESS. The Senator does not mean that Mr. Bland, of Missouri, was against silver, does he?

Mr. BORAH. No; but I mean to say that the proposition which Bland made resulted not in the passage of his measure but in the adoption of a compromise.

Mr. FESS. The Senator is correct in that statement. The bill was introduced by Bland in 1878 and was a simon-pure free-silver bill, such as I would have assumed the silver people would have approved, but when it got to the Senate it was modified through the influence of Senator Allison and reduced to not less than 2,000,000 ounces per month nor more than 4,000,000 ounces per month. I assume that

4,000,000 ounces per month or 48,000,000 ounces per annum would be about the production of silver at that time, which meant, if it would have been carried out as the authors had in mind, that it would cover about all the silver mined.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER (Mr. ADAMS in the chair). Does the Senator from Ohio yield to the Senator from Idaho?

Mr. FESS. I yield.

Mr. BORAH. Permit me to say at this point that I think the principles upon which the Bland-Allison Act was based, and those upon which the Sherman Act was based, were unsound. I think it was an attempt to deal with silver as a commodity and to peg the price of silver. I do not believe in any such method. I think any measure that deals with silver merely as a commodity and undertakes to restore the price of silver by pegging it as one would a commodity price, is wholly unsound. That is an inherent defect of this bill.

Mr. FESS. In other words, the Senator believes that if we have any measure of value used as a medium of exchange, the commodity element ought to be eliminated entirely. The Senator, of course, is taking the position that the value of money therefore has no inherent element, but is wholly due to the promise of the Government to make good its pledge.

Mr. BORAH. No; I am not taking that position.

Mr. FESS. If we eliminate the commodity value I do not see what other value there is in it.

Mr. BORAH. I would deal with it purely as a monetary proposition and not undertake to peg it as the price of a commodity may be pegged. We do not eliminate the value in gold because we treat it purely as a monetary proposition.

Mr. FESS. It is true we do not eliminate the value of gold, but we aim to take all the gold that is mined and mint it.

Mr. BORAH. Exactly, and that is precisely what I would do with silver. Silver is as good money as gold, and was so regarded until it was legislatively destroyed.

Mr. FESS. What would the Senator do with gold?

Mr. BORAH. I would do the same thing with gold. I believe that today there are not sufficient precious metals in the world to constitute more than a sound basis for our monetary system. We need both precious metals.

Mr. FESS. Of course the Senator there indicates a philosophy upon which he and I are just as far apart as the poles. His idea is a quantitative value or philosophy in money.

Mr. BORAH. Then, as I understand the Senator, if there was but a thousand dollars of gold in all the world, that would be a sufficient basis upon which to base a monetary system?

Mr. FESS. It might be. It depends entirely upon the confidence in the government of the people who are using the money, as to whether they want the metal rather than a representative of the metal.

Mr. BORAH. In other words, if we do not have more than a thousand dollars' worth of gold, upon that amount of gold we could base a sufficient monetary system upon which to transact the business of the world, including Great Britain, France, Germany, and the United States.

Mr. FESS. No. All I mean is that if I want to sell 100,000,000 bushels of wheat I do not need 100,000,000 bushel baskets with which to measure it. One basket should do it. We would need enough baskets to measure it conveniently, but I would not need a bushel basket for every bushel of wheat I have to sell.

Mr. BORAH. Exactly, but if the Senator has sufficient faith in the promise of the Government when it has only a thousand dollars' worth of gold upon which to base its monetary system, he is going to reach the point, I am afraid, where he would be willing to accept the faith of the Government and issue paper alone.

Mr. FESS. No; not I.

Mr. BORAH. If it is a matter of faith, and that is all it is, if all the wealth and all the integrity and all the good

faith of the United States is behind its paper money, is it not worth more than a thousand dollars in gold?

Mr. FESS. Mr. President, I did not want to be diverted from the remarks I am now making to a discussion of this question, but I am afraid I shall have to be. The Senator is going to lead me into a discussion of a point that is very controversial. The Senator is going to take the position that in order to facilitate trade it is not necessary to depend upon the working element of currency, but it is necessary to depend upon the amount of currency we may have.

Mr. BORAH. No, Mr. President. Let me state my position. I concede that the mobility of currency is an essential element in the problem. If it were not for that fact, then all the gold and silver of the world would be wholly insufficient upon which to base the monetary system. I do not eliminate that question from the problem by any means. But mobility is not all there is to the money question.

Mr. FESS. Of course, it is difficult to discuss a matter of this kind when there is involved a matter of degree. The Senator asked me whether I was willing to risk a currency system with only \$100,000,000 for all the world. That involves a matter of degree. Now, the Senator has said he is not for the unlimited printing of paper money. I know he is not. Just where we are going to reach the degree which is the point of separation between us is a problem. Everybody knows, as was so well illustrated by the Senator from Oklahoma [Mr. THOMAS] yesterday, that we have \$13,000,000,000 of monetary value, either in metal or the representatives of metal, and yet of the \$13,000,000,000 we have only a little less than 50 percent of it which is actually doing work.

Is it conceivable that our solution of the situation is in increasing the amount of money rather than increasing the use of the money we have? We have more money today than would be necessary, twice over, at the most active point of business the country ever had. It is not the amount that gives us prosperity and it is not the lack of the amount of money or currency that is giving us lack of prosperity. It is our failure to find a way the money we have can be put to work. We may talk until we are blind, we may enact laws to increase the amount of silver, to increase national bank notes, to increase Federal Reserve notes, to increase Federal Reserve bank notes—we may enact legislation to increase all of them and dump them out into our business world, but we will not have prosperity until that money actually works. The amount does not mean anything.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield further to the Senator from Idaho?

Mr. FESS. Certainly.

Mr. BORAH. If we could have an answer to the question by those who are opposed to silver, if we could have an answer to the question of how they are going to make that money work, how they are going to restore faith so the banks will put out their credits, and so forth, it might simplify the issue very much. In 1922 to 1929, as the Senator knows, there was a heroic effort made to get back on the gold standard with all nations on the theory that when we did, confidence would be restored throughout the business world and the money would begin to work. All the leading nations went back onto the gold standard, with one exception, and still it did not work; still the liquidation went on and unemployment increased.

Mr. FESS. When did that occur?

Mr. BORAH. I mean immediately after we went back on the gold standard in 1929.

Mr. FESS. We never went off the gold standard.

Mr. BORAH. I am speaking of world conditions.

Mr. FESS. Oh yes.

Mr. BORAH. It did not restore confidence. Unemployment continued to increase and business continued to be demoralized. The question is, if the able Senator from Ohio will discuss it, How we are going to restore confidence and get this money to work? He said we have sufficient money if it will work, but how is it going to work if we keep it in the banks and in the vaults and hidden? Gold has become so sacred that if a man is found with a \$20 gold piece he

may be sent to jail. It has become a sacred thing. It serves the public in no sense whatever. It might as well be in the mines as where it is. How are we going to get it out and put it to work?

Mr. FESS. Mr. President, I will tell the Senator how to get it out. Stop this foolish legislation that is frightening every holder of money that otherwise he would be willing to invest in any productive industry and employ the unemployed if he knew, first, the amount of exactions that is to be demanded from him; secondly, if he knew what is to be the purchasing power of the dollar in which he is to be paid when he makes today a contract that is to be executed a year from now. Until we do stop this travesty of uncertainty in this program of nostrums, no risk will be taken by any sane man in investing a dollar in anything.

Mr. BORAH. Mr. President—

Mr. FESS. I yield.

Mr. BORAH. The Senator will have to admit that this manifestation of distrust and want of confidence, this depression, began at a time when the questionable legislation of which the Senator speaks had not even been discussed. It began at a time when we had the most conservative legislation, when we had the gold standard, when we had the monetary system for which the Senator is now asking. It began under the conditions which the Senator would restore.

Mr. FESS. Mr. President, the gold standard was interrupted by a world convulsion which included every country of the world. We went on an artificial basis. We made no effort to hold value anywhere near price. Prices became inflated. Farms sold at \$400 an acre. People were fools enough to pay that kind of a price, and to offer a mortgage upon the farm they bought, or the farm they had before they bought the additional farm. What was done on the farm was done everywhere. It was done in every business. It was done in Florida, where the only thing purchased was air and sunshine, offered at such prices that nobody who had any sort of poise of mind financially would have bought them had not the atmosphere been such that anyone who stayed there for 24 hours would become crazy and buy anything. That condition was common, and it existed all over the world. It was not confined to the United States. We were on the most artificial basis that any nation in the world had ever seen.

At the time this was going on, the war was over. Germany was required to pay reparations. The total amount was first fixed at \$32,000,000,000. Afterward, a commission appointed to study the ability of Germany to pay decided that the total of reparations ought to be cut down to \$12,000,000,000; and the commission stated that there was not any way for Germany to pay these reparations unless the allied countries would extend to her long-term credits in order to enable her to get on her feet. They fixed the amount at \$250,000,000 and asked the United States to lend \$110,000,000 of the \$250,000,000, and required that the balance of it should be supplied by allied countries such as Britain and France and Italy.

When Germany received the long-term credits, she immediately reorganized her entire industrial life, including her railroads, and her industry became semigovernmental, with the government giving a certain amount of security in operation, at least, if not in ownership; and Germany, in issuing securities for rebuilding her industries, sold those securities in the market in the United States.

We were on this abnormal basis. Everybody had money. Everything was quoted at three times its actual value. From five to six billion dollars of securities were floated in the greatest financial market in the world, much of which was unstable. The buyers of these German securities—and I mention them only as an example—gave to Germany the money, took the securities in exchange, and used these securities as collateral in borrowing from American banks the money needed by the purchasers of the securities.

What happened? With this abnormal level, this unstable basis of doing business the world over, the largest bank of Austria collapsed, a bank which had been established as far back as 1856 by the famous Rothschild family. It was an

international institution. It had its accounts in every country of Europe. It went to the wall.

Mr. BORAH. Mr. President—

Mr. FESS. Just a moment, if the Senator please.

Another bank went down with it. Then, with these two banks gone, the Anglo-Austrian bank, the third one, went down, and the central empire of Austria collapsed, and Germany was collapsing with it. When Germany announced that she could not make the July reparations payment, it was an announcement of bankruptcy; and the holders of the German securities which were clogging the banks and which had been deposited as collateral for loans realized that they would become worthless overnight; and such a fright as never before occurred in the world took place. It even took Britain off the gold standard, but not until there was mutiny in the navy.

Two days after that Britain went off the gold standard. Austria was down. Germany was about to collapse. Britain was off the gold standard. Money that had been deposited here in America was leaving us; and it looked as if we were about to go off the gold standard, although the distinguished Senator from Virginia [Mr. GLASS] said that in his judgment there was no particular danger of our going off the gold standard, and some others held the same view.

Mr. President, the gold standard or any other standard—the silver standard, the gold and silver standard, bimetallism, symmetallism, or what not—never could have sustained business under such cataclysms. They were the result of the overstimulus created by the war; and we are now in the backwashes of that condition in this country. It will take time to get out from under it.

If anybody wants to know why Europe went off the gold standard, there is the answer. There was no possibility, under such a situation as that, of any government that was in the meshes of it maintaining herself, although France still clings to the gold standard, and four other governments in Europe cling to it. They might about as well be off it. They might about as well have the kind of money that I have here. Somebody yesterday handed me a rubber dollar. I do not know where he got it. [Laughter.]

[At this point Mr. Fess exhibited to the Senate a rubber bill similar in appearance to United States currency.]

Mr. FESS. That is the answer as to why these countries could not stay on the gold standard. The question in my mind is, How long will the abnormal situation produced by those effects continue?

The Senator from Oklahoma [Mr. THOMAS] was almost brutally frank yesterday, and I admire him for it. He gave us the figures, and came to the conclusion which he frankly stated, that he sees no way out of this difficulty except by shaving down in some way the indebtedness under which the world is laboring now.

I recognize as well as anybody does the force of that contention. My only difficulty is as to the method of doing it. If we should take the step of some form of bankruptcy that we could claim was more or less justified by events that could not be controlled, like the forces of war, where so many billions of dollars were totally destroyed, how could we do it without untold injury as well as injustice to a great many citizens who would not be benefited by it but would be seriously harmed by it? What I am pleading for is something different from the rubber dollar that we have.

I do not think this legislation will do it. I do not believe there is any possibility of any substantial recovery outside of starting the industries of the country to employing labor through normal investment and normal employment, and we can never accomplish that by putting the sword of Damocles over the head of every man who wants to take a risk, telling him that we cannot indicate to him what is to be the future if he takes this risk.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. BORAH. Would the Senator advocate going back on the gold standard now?

Mr. FESS. Yes; I would advocate going back on the gold standard. I think we would have to go back on the basis that the dollar has been devalued.

Mr. BORAH. Go back on the gold standard, and have all our money then redeemable in gold?

Mr. FESS. Yes. It is not a question of the money being redeemable in gold. The Senator does not want the gold if he knows he can get it.

Mr. BORAH. I know I might not want it if I knew I could get it, but I am uneasy if I do not know where I can get it. That was the situation when the depression came. The world knew that there was a very small quantity of gold with which to do business and at the first tremor everybody sought gold, and it turned out that Great Britain and France and the United States had all the gold. No wonder the Bank of Austria failed. So purchasing power failed.

Mr. FESS. Mr. President, if that is the theory of the Senator, he will never get what he wants by the pending bill.

Mr. BORAH. I do not expect to get what I want by the bill, but I expect to use it as a starting point to get what I want. This is but the first step.

Mr. FESS. Does the Senator mean by that that he is in favor of the country going on the silver basis?

Mr. BORAH. No; I mean that I am in favor of the country going on the gold and silver basis.

Mr. FESS. How?

Mr. BORAH. I am in favor of going back to the gold standard, restoring silver as money at a ratio which would mean that we would be upon a basis of 16 to 1, taking into consideration the present status of gold.

Mr. FESS. Then the country would be on a silver basis?

Mr. BORAH. No; it would not.

Mr. FESS. Yes; it would be.

Mr. BORAH. It would not. We were on a bimetallic basis until '73.

Mr. FESS. The country would be on the silver basis. Every dollar of gold would go out of circulation if we did that.

Mr. BORAH. Mr. President, in the fact of all history, that is untrue.

Mr. FESS. In the face of all history, that is true. [Laughter.]

Mr. BORAH. Mr. President, let me say just a word further.

Mr. FESS. Very well.

Mr. BORAH. I stated yesterday—and I looked the matter up again last night—that Great Britain was on a gold-and-silver basis for 199 years, both of the metals being used freely in business at a ratio which was established by Sir Isaac Newton. That is one instance in which gold did not leave the country and silver stay.

Mr. FESS. Mr. President, this is the first time I knew the Senator from Idaho stood on the 16-to-1 platform. He did not do so in 1896.

Mr. BORAH. The Senator is mistaken; I did.

Mr. FESS. The Senator did?

Mr. BORAH. Yes.

Mr. FESS. I am disappointed. [Laughter.]

Mr. BORAH. I am sorry to disappoint the Senator, but if it had not been for the discovery of gold in Alaska and in Australia and in the Rand, if it had not been for the supply of gold from those sources, the 16-to-1 proposal would have won, in the end.

The only thing that changed the situation was an increase, by a vast amount, in gold as the circulating medium.

Mr. FESS. Mr. President, "the past rises before me like a dream."

Mr. KING. Some dreams are true.

Mr. FESS. "Did you ever see a dream walking?"

Mr. KING. The Senator presented that the other day, and I thought he was walking.

Mr. BORAH. I have heard a dream talking. [Laughter.]

Mr. FESS. The Senator is unfair. He did not ask me the privilege of saying that, and that is what I was about to say.

Mr. President, I have achieved one thing: We are reviving the interest of 1896. This is a voice of the past. I thought it was stilled forever, although I knew that the moment the country got into a depression the same old thing, though under another name, would be brought forward. We may bury this argument today as deep as it was buried in 1896, and it will sleep only until there is another cycle of distress, then we will hear the nostrums of the money cure—all offered from many stumps in the country.

Mr. BORAH. Mr. President, instead of saying "another cycle of distress", why not say "another result of the single gold standard"?

Mr. FESS. No, Mr. President; if the Senator were wise, he would not make a statement of that kind. We had cycles of depression during the time when we were under bimetalism and during the time we were on the silver basis—cycles of depression then just as we have them now. Cycles of depression are not due to the monetary question. The monetary question becomes a question because of the cycle of depression. It is an effect and not a cause. We will have the cycle of depression as long as we are unable to keep production and consumption within proper limits. One of the arguments our socialistic brethren have always urged is that we have to take control of production in order to insure that it will not go beyond consumption. Otherwise there is depression.

Mr. BORAH. Mr. President, the Senator says we must take control of production.

Mr. FESS. No; I said the Socialists said the Government must take control of production.

Mr. BORAH. As I understand it, the Senator joins the Socialists. [Laughter.]

Mr. FESS. No; I do not. Certainly I do not; not on that.

Mr. BORAH. Then let me answer the Socialists' argument.

Mr. FESS. Very well.

Mr. BORAH. The Senator says that the Socialists, as contradistinguished from himself, believe that the Government must take control of production in order that we may not have more than is consumed.

Mr. FESS. Yes.

Mr. BORAH. At the present time it is pretty well established that 80 percent of the human race are living below the poverty line. Does the Senator think we are producing more than would be consumed if the human race were eating and wearing what they should have?

Mr. FESS. Do not put the argument of the Socialists in my mouth. No; certainly not.

Mr. BORAH. If the Socialist does not answer that, then what is the Senator's remedy for taking care of the 80 percent who are living below the poverty line? The Senator does not claim that it is overproduction, does he?

Mr. FESS. No.

Mr. BORAH. There are 40,000,000 people in this country who are living close to the poverty line.

Mr. FESS. Mr. President, that question is not one which can be determined by legislation. That is a question to be determined by normal laws, common-sense practice of life. If there is more wheat than we can either consume or sell, the remedy is not for the Government to say, "You dare not raise more wheat", but for the man to say, "If I insist upon raising wheat, I will pay the penalty of having no price." That is the solution.

Mr. BORAH. Exactly; but the Senator says "more wheat than we can use or sell."

Mr. FESS. I said if we raised more than we could use or sell.

Mr. BORAH. It cannot be sold to this 80 percent who are living below the poverty line, because they have nothing with which to purchase. They have no medium of exchange. They have no currency. The only medium of purchase they ever had has been taken away from them.

Mr. FESS. The Senator is getting the cart before the horse. It is not currency; it is a chance to work for the currency the 80-percent need.

Mr. BORAH. How can they get a chance unless there is money in circulation in order to create the chance?

Mr. FESS. In other words, if there are 80,000,000 people at work there must be \$80,000,000 to circulate?

Mr. BORAH. No; it is not a question of 80,000,000, but there must be an adequate medium of exchange in order to make things move. Nearly half the human race have been deprived entirely of any medium of exchange whatever.

Mr. FESS. How has that happened?

Mr. BORAH. They are living upon a basis of barter.

Mr. FESS. How has that occurred? It is not because the money is not in existence. It is because they have no work for which the money will be paid.

Mr. BORAH. The Senator heard me read a while ago the statement of the president of the Imperial Bank of India. I have on my desk a statement of Sir Montague Webb, who has studied the India question for the last 20 years. He states that the misery and the suffering in India today are owing to the fact that the people were deprived of their money—the silver rupee. He ought to know something about it.

Mr. FESS. Mr. President, he says that; others say that that is not true. I have given the figures here showing that it is not true.

Mr. President, there is no need of the Senator and myself entering into a controversy of this sort. The Senator is asserting that our trouble is the lack of quantity of money. He does not take into consideration the fact that it makes no difference how much money the country has, if it is not used, there is not a chance for the man who lacks work to get work. It is not a question of money; it is the chance to work for the money that we lack today. We have the money.

Mr. BORAH. We have the money? Who has the money?

Mr. FESS. The lack of work is not because we do not have the money; we do have the money.

Mr. BORAH. We have the money? Who has the money in the United States today? Where is this money? It is in the banks. It is in the vaults. It does not circulate among the people. The people cannot get it. Business cannot get it. The banks will not lend it. Who has the money about which the Senator talks?

Mr. FESS. Suppose the Senator were a banker and had the money. How could he get it to the man who wanted to work and could not find work?

Mr. BORAH. Under the system of the Senator from Ohio, I would not do anything. I would do exactly what the bankers are doing; I would be afraid to put the money out. It is the system of which I am complaining, not the individual banker.

Mr. FESS. Mr. President, I do not think I can understand the Senator from Idaho. I insist that he stated that the trouble is not the lack of a chance to work, but that it is the want of a quantity of money that is troubling us. That is an error, if that is what the Senator means to say. We have the money. What the man who is out on the street wants is a chance to work. His capital is his ability to serve, and if he has no chance to sell his ability, no matter how much money we have, are we going to give it to him? The fundamental problem is the problem of setting the money to work.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. BORAH. The Senator says that the problem is to set the money to work. If the question, Mr. President, as to how to set the money to work can be answered, I think it will shorten this discussion very much.

Mr. FESS. Permit me to ask the Senator a specific question.

Mr. BORAH. I should like to have the Senator answer mine first and then I will have a chance to think over his.

Mr. FESS. All right.

Mr. BORAH. How are we going to set this money to work under present conditions?

Mr. FESS. Just give a breathing spell for a time to the man who would be willing to invest capital in the employment of labor.

Mr. BORAH. What does the Senator mean—give a breathing spell?

Mr. FESS. Mr. President, we are spending \$7,000,000,000 more this year than we take in. There is no way to take in any money except by way of taxation. Taxation is limited to the man who is employing labor in business. If he has no assurance that this increased expenditure for government, which has become shocking, is not going to continue to be assessed on him in addition to the already heavy burden of taxes, he will not invest a dollar in business, and he would be a fool if he did. Until we give some assurance to the business man that he will have a chance, so that what he invests will not mean an assured loss, but that he will have some reasonable chance to avoid a loss, he is not going to invest any money either in a new business or in his old business. And it is not difficult to see that he will not.

We are now complaining about the business man. We ask why he does not do this. And at the same time we are charging him with being responsible for the trouble concerning which we are complaining today. I state again that no recovery is possible except the normal recovery which must come from the employment of labor in the normal industries of the country which are producing the things required by the wants of the people. Those industries are not going to be revived unless the man who takes the risk of conducting business, who risks his money in investing the capital in business, knows what he is to meet in the future. No man knows that today. And he is not properly chargeable with the results complained of by many people who are making complaint against him because of his not investing new capital in the employment of labor.

Mr. BORAH. Mr. President, it is undoubtedly true that we are spending a vast amount of money, and it may be that in expending this vast amount of money we are expending some money which ought not to be expended, but I do not see how it would be possible to stop expending this money when we have from ten to twelve million people who would go upon the highway the next day after we cease doing it.

Mr. FESS. It is not possible to stop it.

Mr. BORAH. No; it is not possible to stop it. Therefore there should be no complaint because this money is being expended. It is being expended because it is necessary to save human lives. That part of it we ought to dismiss.

I agree with the Senator that business is not to be assailed for not making long-time contracts, and so forth, because we do not know what is going to happen. But we do not know what is going to happen here, and they do not know what is going to happen anywhere else in view of conditions which now confront us, and until we change our monetary and banking systems we shall never have any different condition, in my judgment, from what we now have.

The Senator spoke about 1896. We had at that time a distressed condition such as we have at present, except that at that time it was not on so large a scale. What was said to be the cause of it? We were told at that time it was because of machinery, overproduction. If one will go back into the record of that time he will find that the same argument was made at that time which is being made now, that our trouble is that machinery is supplanting men; that there is overproduction, and so forth, and so forth. Now what happened? It continued until when? It continued until the gold from Alaska and from the Rand and from Australia began to pour into the coffers of trade, and there was never any revival until that happened.

Mr. FESS. Mr. President, I have heard that many times before.

Mr. BORAH. Does the Senator dispute it?

Mr. FESS. Of course, I dispute it.

Mr. BORAH. Then what did revive trade? What did revive the situation from 1896?

Mr. FESS. Allowing business, which had been largely harmed by the legislation of 1893, which the Senator is well aware of—

Mr. BORAH. The legislation of 1893 had been repealed long before.

Mr. FESS. Oh, no; I am not talking about the Sherman Repeal Act. I am talking about the Roger Q. Mills' Act of 1893, whereby disturbances caused by a change of the tariff schedules throughout the country suspended business for a time until people could recognize what the prices would be. That always happens.

Mr. BORAH. Then, as I understand the Senator, an adequate tariff bill would revive industry at the present time?

Mr. FESS. No; but industry will not be revived by a change of the tariff downward.

Mr. President, I should like to have the Senator from Idaho state, if he could, how he is going to get this money he proposes now to issue to the man who has no work. I should like to know how he is going to get it.

Mr. BORAH. The Senator just complained a few minutes ago that we were spending billions and billions of dollars. No trouble about getting the money into circulation.

Mr. FESS. Will the Senator answer my question?

Mr. BORAH. That is exactly my answer to it.

Mr. FESS. Well, that is no answer at all.

Mr. BORAH. The Government is expending and putting out vast sums of money continually, and it is securing it by means of taxation. The Government could put out any reasonable amount of money it desired; these silver certificates or any other money that it desired.

Mr. FESS. Then the Senator means that when a man is working for the Government he ought not to be paid by a Government check; that he ought to be paid with money instead of a Government check; that we should do away with checks?

Mr. BORAH. Oh, no; not at all, but the Government may place its money on deposit anywhere it desires and have checks issued against it, but there must be money.

Mr. FESS. That is what the Government is doing. That is what it is doing now.

Mr. BORAH. Where is it getting the money?

Mr. FESS. It makes \$3,000,000,000 gold by fiat.

Mr. BORAH. Exactly; and the Senator does not complain of that, does he?

Mr. FESS. Yes; I do.

Mr. BORAH. The Senator does?

Mr. FESS. Yes; certainly I do.

Mr. BORAH. Well, I do not.

Mr. FESS. Mr. President, what an argument! Here we have \$4,000,000,000 of gold in the country. We put it in the Treasury. In tonight's paper appears the statement of the Treasury's condition this morning, which is that there is \$4,000,000,000 of gold in the Treasury.

Tomorrow morning's statement is that it is \$7,700,000,000, without a dollar of increase of wealth. And the Senator thinks that is money! The Senator thinks that is wealth! That wealth can be made by decree. If it can be done that way, then for God's sake let us stop all this business, and instead of devaluing the gold at 50 percent let us devalue it again, and instead of it being \$7,000,000,000 in the Treasury, let us make it \$14,000,000,000; and then devalue it again and instead of being \$14,000,000,000 make it \$28,000,000,000; and then devalue it again and make it \$56,000,000,000; and just go on and create money.

That is a nice kind of an argument. [Laughter.]

Mr. BORAH. Mr. President, the Senator said a while ago that if we had \$1,000 in gold it would be sufficient upon which to base the monetary system of the world, so why not—

Mr. FESS. No, Mr. President, I did not say anything of the sort.

Mr. BORAH. I beg the Senator's pardon.

Mr. FESS. Oh, no.

Mr. BORAH. The Record will show that that is what the Senator said.

Mr. FESS. Oh, no; the Senator used some figure and asked me whether that would do, and so on.

Mr. BORAH. Well, the Senator said it would.

Mr. FESS. If I did it was just to appease the Senator—or stop him. [Laughter.]

Mr. BORAH. I thank the Senator.

Mr. FESS. Mr. President, I cannot imagine how in the face of what every Senator knows we can listen to this kind of an argument from the Senator from Idaho. Here we have so much money in circulation. The Senator is convinced that we must have more, and he introduces a measure known as the "Borah amendment", to increase the national-bank circulation, without realizing that if we pump additional money out of the Treasury, unless there is use for it, if it goes out it only goes out to displace other money. Take the Federal Reserve System today. I had the statement of the Treasury of yesterday here a while ago.

We have \$3,000,000,000 of Federal Reserve notes issued on a reserve of 40-percent gold. I do not understand why the Senator, if he really believes in the quantitative theory of money, does not devote his powers to induce the Government to take this step: We have \$3,000,000,000 of Federal Reserve notes today, issued on a 40-percent gold reserve. We have more than \$7,000,000,000 of gold in the Treasury. Suppose we should proceed to issue Federal Reserve notes on the basis of 40-percent gold reserve and use the \$7,000,000,000 as such reserve, we would increase the Federal Reserve note issue almost two and a half times what it is now. In other words, we could issue \$8,000,000,000 of Federal Reserve notes without calling on a single other agency in our governmental system to increase the quantity of money.

Mr. LONG. Mr. President—

The PRESIDING OFFICER (Mr. McGILL in the chair). Does the Senator from Ohio yield to the Senator from Louisiana?

Mr. FESS. Just a moment, if my friend will wait. We could have \$8,000,000,000 of this kind of money. Suppose we should do that, what would happen? If we should issue a certain amount of money, that portion of it beyond what is needed would force other kinds of money to retire. Why have we not been issuing additional money? Already we have \$13,000,000,000, and yet only a little over \$5,000,000,000 are in circulation. Why do we not have \$13,000,000,000 in circulation? Is the Government at fault? Is the administration blamable? Certainly not. Money cannot be pumped into business unless there is demand for the work of that money, and the \$13,000,000,000 now available are merely resting in the vaults, not because someone is controlling a corner on it, not because there is a gold-standard control, but because there is no need of more money for the work that is now being done. The minute the work which the money can do is increased, the money flows into work, and when the work is lessened the money flows back. That is the basic character of any wise system of money; and we have the finest system of any country in the world today.

Mr. LONG. Mr. President—

Mr. FESS. I now yield to the Senator from Louisiana.

Mr. LONG. The Senator has made a statement which I have made on the floor of the Senate a number of times, that we could issue now from eight to ten billion dollars of money on our present gold stock without inflation. The Senator agrees with that statement, I take it?

Mr. FESS. Yes; I agree with it.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Kentucky?

Mr. FESS. I will yield in just a moment. I have before me now the last daily statement of the United States Treasury, which shows that there are outstanding Federal Reserve notes amounting to \$3,330,000,000 against which there are \$18,871,000 in commercial paper, \$364,300,000 in Government bonds, and \$3,004,771,000 in gold certificates. Those Federal Reserve notes are issued on a 40-percent gold basis. There could be, of course, a great many more of them issued.

In answer to the question of the Senator from Louisiana [Mr. Long], \$3,300,000,000 Federal Reserve notes are on a 40-percent gold basis, and if we should issue up to the full reserve of \$7,700,000,000 gold, the issuance of such notes would go way beyond anything like \$7,700,000,000.

Mr. LONG. That could be done today on the basis of 40 cents gold for every paper dollar, and we would still be on a standard monetary basis, as I understand?

Mr. FESS. It could be done, because if they wanted to go even beyond that they could supplement it by Government bonds of which there are now plenty.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. FESS. I yield to the Senator from Kentucky.

Mr. BARKLEY. What the Senator from Ohio says is true only theoretically. It is not true that the Government could issue, based upon the amount of gold now in reserve, amounting to something like \$7,000,000,000, sufficient currency to have outstanding money enough to represent all that could be issued on a 40-percent basis. As a matter of fact, before the gold dollar was devalued and the dollar value of gold in reserve was increased, we had never, as I recall, issued all the money that could be issued upon the 40-percent basis computed on the old dollar value.

Mr. FESS. That is because we did not need to do it.

Mr. BARKLEY. Very largely, that is true.

Mr. FESS. That is the only reason. We could have done it.

Mr. BARKLEY. My recollection is that the provision in the Gold Devaluation Act prevents the Government from issuing gold certificates based on gold in reserve, taken over from the Federal Reserve System, except to the Federal Reserve System in lieu of possession and ownership of the actual gold; so that, to that extent, we would be limited in issuing gold certificates or paper money based upon that amount of gold.

Mr. FESS. The Senator is correct.

Mr. BARKLEY. While it is true that theoretically we could issue eight or ten billion dollars more of circulating money, and not go beyond the requirement of 40-percent gold as a basis for every dollar issued, as a matter of fact, that money, under the present system, will not be issued and will not be called for, and the Government of the United States could not issue it except upon the demand of the Federal Reserve Board—

Mr. FESS. Precisely.

Mr. BARKLEY. As a result of the demand from the Federal Reserve banks.

Mr. FESS. From the member banks.

Mr. BARKLEY. In their respective districts, based upon a wider demand for money to be used in commerce and business.

Mr. FESS. That statement is correct.

Mr. BARKLEY. In view of the caution that everybody recognizes is prevailing in all the banks and their unwillingness to make loans because of the fact that they have had their fingers burnt in the last 4 or 5 years, and on the theory that a child, even a banking child, dreads the fire when its fingers have been burnt, does not the Senator believe that the issue of additional money based upon this silver proposition of 25 to 75 might in some way inspire a little more confidence, so that money that is already in existence, in vaults or in banks or wherever it may be, might loosen up somewhat and result in a more rapid turnover of the money that is now in existence and in bringing about a more rapid revival of business?

Mr. FESS. The Senator means that confidence would be inspired because there would be a metallic value in the money that would be issued on a metallic basis?

Mr. BARKLEY. Not necessarily, for there is a metallic value in all our money theoretically, based upon the fact that there are 40 cents in gold back of every dollar that is issued. What I am driving at is, would it not be possible, by reason of the wider utilization of silver as a basis for money, and some advantage coming to the silver nations that might reflect itself in larger purchases of the surplus commodities of the United States, operating as a sort of a priming of the pump, to bring about a loosening of credit and a more rapid turnover of money, so that the indirect benefit of this additional circulating medium might be to bring about a better credit situation and a currency more responsive to the real needs of the country?

Mr. FESS. A direct answer to the Senator is that I think whatever amount of money under this proposed legislation should be issued would force a retirement of that much or

comparatively that much of some other kind of money, such as Federal Reserve notes. If we should issue a billion dollars of money such as is contemplated under this bill, my fear is that, instead of having \$3,000,000,000 of Federal Reserve notes, we would, in due time, have \$2,000,000,000.

Mr. BARKLEY. Of course, as I understand, there is no mandatory increase in the amount of paper money that will be in circulation after the enactment of this bill over what there is at this time.

Mr. FESS. If the Senator will permit me to make a statement with reference to his remark as to there being no mandatory provision, the only thing that would lead me to look with any favor upon this proposed legislation is that it is purely permissive, that it does not command that anything be done. In other words, the President is not under compulsion, any more than he is to proceed under the act which now gives him the authority in an unlimited way, if he wanted to use it, to fix the ratio to suit himself. He has never resorted to it. When that measure was before us I opposed it vigorously because I did not want to give any man such power as that. The President has not used that power and I am of the opinion that he will not use it.

The bill now before us is on exactly the same basis. It does not compel the President to use the power. I wrote to about 20 of my friends over the country asking their opinion as to why there is so little interest in legislation of this character. In nearly every case the answer came back, "I believe it is because of the confidence the people have in the President that he will not use the authority."

Mr. BARKLEY. I appreciate that. I realize that the authority is only permissive. I have not yet been willing to go so far as to say that I would vote for it if it were not permissive. In other words, if the bill compelled him to do it I am not prepared to say I should support it. I realize that in the permissive status, unless he did use it, it might be possible that the only direct benefit coming from the bill would be to increase the price of silver, which would be beneficial, of course, and that would not occur probably except as a speculative venture unless the President did make some use of the power granted by the bill.

I am wondering whether the enactment of legislation of this kind, even though it is not used, or at least not used to any great extent, would tend to revive confidence among other nations than our own to such an extent that they might be in a better position to benefit us by buying larger amounts of our products, both of the factory and of the farm, and in a way, though indirectly, bringing about some revival of our languishing industries.

Mr. FESS. I do not see the connection and how it would bring about any additional confidence. If the bill shall pass, whatever may be done under it, that money will be the only money that is based upon any commodity which has an inherent value. Gold is out of circulation now. It is impounded. Silver would be the basis of the new money and the bill provides that silver certificates shall be redeemable in silver. That, of course, makes it immediately a basic kind of money and it would be the only basic money we would have.

Mr. WHEELER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Montana?

Mr. FESS. I yield.

Mr. WHEELER. I want to correct one statement the Senator made, which was concurred in by the Senator from Kentucky [Mr. BARKLEY], and that is that the measure is entirely permissive. If the Senator will read the bill he will find that the policy is declared by the Congress to be that we shall have 25 percent of our money reserves in silver, and that the President is authorized and directed to purchase silver until our reserves reach 25 percent in silver and 75 percent in gold.

So it is not permissive. The President is directed to do it. It is only discretionary in the matter of the time within which he is to do it. It must be assumed under the provisions of the bill that the President will be given only a reasonable time within which to do what he is authorized

and directed to do under the bill. No other interpretation could be placed upon it except that he is authorized and directed to do it, and must do it within a reasonable time under the provisions of the bill.

Mr. FESS. I thank the Senator. I think he has corrected an error that was made. The original idea was that it was to be purely permissive, and evidently that was what was in the minds of the people to whom I wrote. The almost universal response was that there is no interest in the particular bill in business circles, because it is believed the President will not use the power, as there is no requirement that he shall use it.

Mr. WHEELER. One reason why there is opposition to it will be disclosed to the Senator if he will read an article which appeared on the financial page of the New York Times of yesterday. He will find there an article indicating that certain banking groups in New York met and denounced the bill. But generally I believe the sentiment of the country at the present time is so much in favor of this kind of legislation that that is why he has not heard of any particular opposition.

Mr. FESS. I should like to say to my friend from Montana that I believe the reason why there is no particular interest is that the rapidity with which we are doing heretofore unheard of things has had the effect of absolutely making everybody dizzy. I cannot keep up with them, to say nothing of understanding them, and I believe the public has the same feeling. I doubt whether any kind of a radical proposal would very much arouse the public interest today. That is my honest judgment.

Mr. WHEELER. I agree with the Senator entirely in that statement because of the fact that I believe the people have gone so far ahead of the Senator from Ohio in their views that they have become liberal in their views, whereas the Senator from Ohio has been standing still. [Laughter.]

Mr. DICKINSON. Mr. President will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Iowa?

Mr. FESS. I yield.

Mr. DICKINSON. It was said that if we did certain things we would get certain results. We have liberalized conditions, and yet the results have not come about. So it is said that if we will pass this bill and give permission for certain issues and certain changes in the monetary system certain results will ensue. I am wondering whether the uncertainty which prevails by reason of the proposed change in the law does not more than offset any possible benefit or confidence which may come about under the bill.

Mr. FESS. That is precisely my fear. In other words, we lack in the country today a very essential element which we must have if there is to be any substantial recovery, and that is the element of confidence. So long as every movement is accompanied by a degree of uncertainty, when nobody knows what is going to happen, when people are inquiring "Where are we going?" there is bound to be a lack of confidence. Nobody is going to make any venture under such conditions.

Nobody has any right to complain because no one will venture under those conditions. It is all right for those who never made a dollar in their lives, and who would fail before night if they were to try to stand on their own merits, to tell the world how to do business, but the man who has to face loss without any possibility for recouping is not going to take that kind of advice. Everything that is being done brings about an additional lack of confidence, additional uncertainty. Under the bill now before us we cannot be certain, first, whether anything is going to be done; or, secondly, what will be done, and certainly we cannot be sure of the results of anything that might be done.

Mr. DICKINSON. Let me suggest, as was suggested a few moments ago, that we now have 10,000,000 unemployed and we find the statement creeping into the public press that undoubtedly we are going to be required to face that more or less as a permanent condition.

Mr. FESS. That is my fear.

Mr. DICKINSON. Not as an emergency situation.

Mr. FESS. That is my fear.

Mr. DICKINSON. We will have to find a way by which we can meet the situation and work it out along those lines and under those conditions.

Mr. FESS. That is my fear. Already all through the country people are making demands as a matter of their own right. Their demands today are that we shall appropriate money to keep them. From all over my State demands are coming that we shall vote money from the Federal Treasury to pay off the depositors in the closed banks. I have said to the people who have written me, if under its legitimate functions the Federal Government is to give money out directly for the benefit of the people, I do not know of any way by which there could be a wider use of the money than by employing it in that way.

But when a Senator, for instance, has money tied up in a closed bank, or has money tied up in building-and-loan associations, he naturally asks, On what basis could he demand that the taxpayer shall give, out of the United States Treasury, the funds to pay him off because of his misfortune in having his funds tied up in a closed bank? Yet, the people are demanding it as a right.

The unemployed in many cases regard the Government as responsible for their unemployment, and they demand as their right either that they be given work or else be paid a dole. I repeatedly argued against the dole when it first was proposed. Under the Hoover administration when the question first came up I urged time and again that the dole was dangerous because it was not for the unemployed, but it was for the unemployable. As we increased its use, we increased the number of unemployed and we have now reached the point where it is demanded as a matter of right. Of course, I know we cannot stop it now. We have gone to the point of destroying the local agencies which theretofore had supplied the needs of the communities. With those local agencies destroyed, of course, we have to keep it up. I want to know when it is going to stop and what is to be the outcome of it.

Mr. GORE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Oklahoma?

Mr. FESS. Certainly.

Mr. GORE. Does not the Senator think that when we decided to start the dole we decided not to stop it?

Mr. FESS. The Senator has stated the situation in a cryptic manner which is beyond my ability to equal.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Idaho?

Mr. FESS. I yield.

Mr. BORAH. I should like to ask those who criticize the starting of this program what they would have done. Would they have permitted the people to starve? The program was not initiated until people were in dire distress, until they could not get work, until want stared them in the face morning and night. What would Senators have done? Would they have refused to have fed and to have clothed and to have taken care of the people under those circumstances? I do not think so. The Senator is talking against an actuality, a thing that existed. It was not a theory. It was a condition and the Government had to meet it. It is having to meet it now. Can the Government at this time stop this program of relief?

Mr. FESS. No.

Mr. BORAH. Certainly not. Well, we might just as well stop it now and let them starve, as not to have started it and let them starve in the first place. It is a condition which the Government will have to meet, and there is no use complaining about it.

Another thing, Mr. President: This idea that by helping the people of the United States we are making them loafers and worthless people I think is a wholly mistaken one. Give them an opportunity to work, and there is not one out of a hundred who would not infinitely prefer to have a

job than to accept charity. It is a condition which confronts them and confronts the Government, and it must be met as it is being met.

Another thing: Senators are saying we must restore confidence. I call their attention to the fact that this depression began at a time when confidence was at its height. I recall a book that was written in 1929, consisting of articles contributed by the great industrialists and financiers of the United States, and the introduction was written by a man who afterward became President of the United States. We were told in that book that we had not reached our industrial height; that we were going to make more and more industrial progress in the United States; and yet in the very midst of that condition, when confidence was universal throughout the United States, when investments were being made everywhere, when business was going forward, the depression began the world over.

Mr. FESS. Mr. President, the Senator from Idaho will very well recall the rather intense controversy which he and I had when, by his aid, this program was launched. I said then, "We are starting something that we shall never stop." I say that now, and the reason why we shall never stop it is seen from the manner in which it is operating.

Let me use as an example a certain town in my State. Up to last year the unfortunate people of that town who had not employment were cared for. Not a single person froze. No one starved. No one suffered to any serious extent. The town took care of all of its people at a cost of \$40 a month for one person at the point of distribution. All the work was voluntary. All the supplies were contributed. Nobody thought of charging rent for the headquarters where the community interests were administered. It was all a voluntary effort. It had always succeeded. No one not familiar with a situation of that kind can fully understand what we lose by destroying the community interest which indicates the willingness of those who have to help those who have not.

What happened last year? The first person who come into that town to administer relief was a Government man at \$150 a month. He has an assistant at \$90 a month, and some clerks. The aggregate salaries run up to \$320 a month. The Government pays rental for the headquarters, and the whole thing is Federalized. What had heretofore been done at a total cost of \$40 a month, all local, all voluntary, every dollar contributed, the Government is doing at a cost of \$320 a month, to say nothing about the cost for rental. That is what happens. There is not a dollar, so far as I know, contributed by the local people. That sort of thing destroys the very best element in our civilization.

Mr. President, that is what we have done; and these social settlement leaders regard it as a great humanitarian movement. Just in the degree that it is so regarded it has become permanent. From now on the Federal Government will be called upon continuously to perform as a duty a function which the community ought to have performed; but we shall never get from under it now. We have destroyed those functions at home, and there is nothing left for us to do but to vote the billions out of the Public Treasury.

Mr. WHEELER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Montana?

Mr. FESS. I yield.

Mr. WHEELER. I think much that the Senator from Ohio has said is correct; but I think he should concede the fact that practically all these local governments have completely broken down. Here is the city of Chicago, one of the richest and one of the biggest cities in the United States, unable even to pay her school teachers.

Mr. FESS. Oh, Chicago could take care of her people.

Mr. WHEELER. Yes, Mr. President; but she did not take care of them.

Mr. FESS. No.

Mr. WHEELER. New York City could take care of her people, but she did not take care of them. Various other cities and States could have taken care of their people, but

they did not do so. They could not get the money to take care of them, and there was a complete breakdown.

Mr. FESS. I admit that that element is there. They did not do it, but they could have done it.

Mr. WHEELER. As I say, in the city of Chicago they did not even pay their school teachers. They had to close the fire department in the city of Chicago. The city government was completely broken down long before the Federal Government started in.

Mr. FESS. The Senator states that they could not pay the school teachers, which is true. Does he think we ought to inaugurate the policy of having the Federal Government pay the school teachers of the cities?

Mr. WHEELER. No; I do not think the Federal Government ought to pay the school teachers. I am simply calling attention to the fact that the city governments all over the country were completely broken down. The fire departments were breaking down. The police systems were breaking down. We had a complete demoralization of the State governments, the city governments, and the county governments, which could not collect enough taxes to keep up their organized activities. If the Federal Government had not stepped in and done a great many of these things, I tremble to think what would have occurred in this country.

Mr. FESS. The Senator may be right about that, but I have not felt that there is any community that could not have taken care of its unemployed. What I fear is that we shall add to this sort of thing. We are about to start in on the teachers. There is no doubt about it. The propaganda from my State by the teachers' associations indicates their position to be that education is a Federal matter, and we cannot afford to let the schools be closed, and the Federal Government must come to the rescue in the way of appropriations. I have no doubt that that propaganda will win in time; and that is not all. The Federal Government will be the source from which almost all sorts of funds will be demanded; and tell me where the money is to come from!

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. TYDINGS. I do not wish to take issue with the Senator, but the Relief Administrator was before one of the committees this morning in connection with relief appropriations; and, speaking of one phase of the matter, rural relief, he stated that the Federal Government is now bearing only about 50 percent of the load which it originally carried. In other words, there is a distinct improvement in that field.

Mr. FESS. I am glad to hear that.

Mr. TYDINGS. Many of the other activities in which the Federal Government was forced to engage last fall and winter are diminishing. They are on the downward side. While I do not mean to say that the Senator's remarks are not apt in many cases, it is only fair to say that the relief situation is improving, and not increasing, as to expenditures.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. DICKINSON. I attended the entire hearing this morning to which the Senator from Maryland has referred. The Senator from Maryland was there for only a short time. I desire to suggest that the Administrator told us that it would take \$110,000,000 a month for the entire next year, which is over a billion dollars, to carry on the relief program as the authorities now have it organized.

What I rose to suggest to the Senator from Ohio, however, was that when the States were tabulated—and it does not seem to me that there can possibly be this difference in the capacity of the various States to take care of themselves—it developed that there are some States in the Union in which 99.7 percent of all the money that has been used for relief has been furnished by the Federal Government. There are other States in which less than 15 percent has been furnished by the Federal Government. The percentages run all the way between those two extremes. I do not see how anyone can insist that there is so much difference in the capacity of the different States to take care of them—

selves that there is that variation in the percentage required to take care of the Federal relief problem in the respective States.

Mr. FESS. I thank the Senator from Iowa for his observation.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. FESS. I yield to the Senator from Maryland.

Mr. TYDINGS. While the Senator stated an outside figure, he did not qualify his statement with the fact that the money which the Federal Relief Administrator requested for relief purposes is not to be expended in grants or direct gifts. It is to be used in many cases for loans upon physical property to rehabilitate these people and get them off the permanent relief roll. That constitutes a very large proportion of the amount which the Senator from Iowa indicated.

Further than that, the Senator from Iowa knows, and I know, that the relief load in the large cities of the country is diminishing. The Senator further knows that many of the States have not any credit. There is not a banking house or an investor in the world who will lend them money. Further than that, the Senator from Iowa himself voted the other day for a bill to permit municipalities and counties to go into bankruptcy.

Mr. DICKINSON. Mr. President, let me suggest further that I did not vote for that bill, and I was one of its opponents on this side of the Chamber. I think it was one of the most vicious things this administration has permitted to go through the Senate. I also desire to suggest that the Administrator told us that there are more than 4,000,000 families on relief right now; and the item to which the Senator refers with reference to loans amounted to less than \$25,000,000 out of one and one-eighth billion dollars.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. FESS. I yield.

Mr. TYDINGS. If I have done the Senator from Iowa wrong in saying that he voted for the bill, I apologize; but let me point out that his eminent friend and colleague on the other side of the aisle, and of the same general wing with which the Senator usually goes into action, begged and pleaded with us, coming from Detroit, to pass that bill in order that Detroit and other towns in Michigan might have the benefit of it, because he said there was no doubt that if we did not pass the bill they could not raise a dollar and could not liquidate their obligations.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. FESS. I yield, and then I must continue.

Mr. LONG. Mr. President, the trouble is that there is plenty of food to eat and plenty of things to wear, but we have allowed a few men to have them and have left the balance of the people to starve. These wealthy men will not share their wealth. I have proposed a bill to correct that.

Mr. FESS. Mr. President, in speaking of this very serious problem, I have referred to the administration inaugurating a policy the wisdom of which I doubted, stating that if we began it we could not stop it, though I have a good deal of confidence in what has been suggested, that in all probability those in control are trying to reduce. That is quite important.

I hope also that we will not take lightly the statement that the locality cannot take care of its needs, and that therefore the Government must do it. In other words, there ought to be something of matching appropriations by the localities where the Government is extending assistance. If that is not done, local communities are simply going to say, "The Government owes it to us, and we will depend on the Government." It is a very easy thing to say, "We cannot do it, therefore you must do it." If we yield to that kind of argument, it will be simply too bad for this Nation in the future, because I can see what this is building up among our own people.

Mr. President, on the question of the use of silver as under the Sherman Law, which was enacted in 1890, in substitution for the Bland-Allison Act, which was passed in 1878, the dollar bill was redeemable, not in silver alone but

in coin. The obligation that was written on the face of the certificate was, "This note is redeemable in coin", which meant either gold or silver.

But when the holder of a Sherman note came to the Treasury and demanded gold, the Treasury could have said, "This is redeemable in coin, and we will give you silver, but we will not give you gold." It was thought that that discrimination would immediately react in favor of gold, and would at once throw the country on a silver basis. It was that fear which led President Cleveland to call the special session of 1893, and to ask for the repeal of the law. I have never seen a stronger statement made than the statement of the President on that occasion. This is what he said:

Twice in our recent history we have signally failed to raise by legislation the value of silver.

Please note that the usual argument of all people who are interested in this question is that the legislation will increase the value. I have no doubt that, to the degree to which the Government can make demand for silver there will be an increase in the price, though not in the value, because it will be partially fiat. President Cleveland said:

Twice in our recent history we have signally failed to raise by legislation the value of silver. Under an act of Congress passed in 1878 the Government was required for more than 12 years to expend annually at least \$24,000,000 in the purchase of silver bullion for coinage. The act of July 14, 1890, in a still bolder effort, increased the amount of silver the Government was compelled to purchase and forced it to become the buyer annually of 54,000,000 ounces, or practically the entire product of our mines. Under both laws silver rapidly and steadily declined in value.

Every dollar of fixed and stable value has, through the agency of confident credit, an astonishing capacity of multiplying itself in financial work.

That is a statement which some of the advocates of the quantitative system of money will deny. Let me read it again:

Every dollar of fixed and stable value has, through the agency of confident credit, an astonishing capacity of multiplying itself in financial work.

That means that if there is a hundred million dollars of business to be done, it is not necessary to have a hundred million dollars in circulation. There would have to be only a small fraction in circulation.

Every unstable and fluctuating dollar fails as a basis of credit, and in its use begets gambling speculation and undermines the foundations of honest enterprise.

* * * I cannot rid myself of the belief that there lurk in the proposition for the free coinage of silver, so strongly approved and so enthusiastically advocated by a multitude of my countrymen, a serious menace to our prosperity and an insidious temptation of our people to wander from the allegiance they owe to public and private integrity. * * *

President Cleveland made other penetrating comments in his message to Congress of August 8, 1893, when he asked that the silver-purchase provision of the law be repealed. He said:

The people of the United States are entitled to a sound and stable currency and to money recognized as such on every exchange and in every market of the world. Their Government has no right to injure them by financial experiments opposed to the policy and practice of other civilized states, nor is it justified in permitting an exaggerated and unreasonable reliance on our material strength and ability to jeopardize the soundness of the people's money.

Mr. President, think of that statement, when President Cleveland said that people are entitled to a sound and stable currency. We have boasted that it mattered not what kind of money we have; that it does not make any difference whether it is the gold certificate or the gold coin; that it does not make any difference whether it is the silver dollar or the silver certificate; that it does not make any difference whether it is the national-bank note, the Federal Reserve bank note, or the Federal Reserve note; that it does not make any difference whether it is greenbacks, limited in amount today, as it has been for years to \$346,000,000; it does not make any difference what it is, under the law of 1900 we aimed to make every dollar interchangeable, and the basis was the gold value. It did not make any difference whether any form of that money was in Ohio, New

York, California, Mexico, Patagonia, the islands of the sea, the Orient; it made no difference; it rang sound, 100 cents on the dollar, over every counter of the world.

Now what is it? I displayed a note here a moment ago, a rubber dollar, with no basis, resting on nothing, with no redeeming quality.

There was a consul here the other day who told me that our Foreign Service could not live because, while we talk about the dollar here purchasing so much, over in Europe the dollar is converted into the money of the country where our foreign servants are located, and instead of a dollar being worth in purchasing power what it is here, it is worth whatever the foreign government is willing to give for it in its currency. We were compelled—and it was right for us to do it—to give to the President the authority to make up the difference in the salaries of our Foreign Service between what the American dollar once bought and what it buys now. While it seems an anomalous thing for us to do, we did it, and properly so. We will be called upon to do it for our own citizens in our own country in due time. When the wage earners and the salaried men, representing over 70 percent of our people, undertake to buy goods which are higher priced, owing to the cheapening of the dollar, and find that living costs have advanced 30 percent and wages and salaries remain the same, they will realize the penalty that has been imposed upon our officials in the Foreign Service; they will see what they have suffered, and will ask that some relief be granted to them.

Mr. President, that is the danger of tampering with the basis of a monetary system; and when we start out to say that we are going to enact legislation in order to increase the volume of money on the theory that such legislation is going to make money more abundant for the people of the country, we are very badly mistaken, except where there will be further or increased use for the money. This will happen: In the degree that under this proposed legislation we issue new money, other money now in circulation will be retired, and there is no possibility of keeping it in circulation unless there is work to do. There is no work to do outside of business.

The President proceeds:

At times like the present—

That is 1893—

when the evils of unsound finance threaten us—

And that can be said today—

the speculator may anticipate a harvest gathered from the misfortunes of others, the capitalist may protect himself by hoarding or may even find profit in the fluctuations of values; but the wage earner—the first to be injured by a depreciated currency and the last to receive the benefits of its correction—is practically defenseless.

That is what I am talking about.

He relies for work upon the ventures of confident and contented capital. This failing him, his condition is without alleviation, for he can neither prey on the misfortune of others nor hoard his labor.

Mr. President, that was sound policy in 1893. That is just as sound today. And those words ought to go ringing down the corridors of time as a warning against these new nostrums based upon the unsound philosophy that all that is needed is to print money, or to devalue gold, or to increase the volume, without any regard to the one essential thing—the increase of business or the increase of the work of money.

Mr. President, this bill is, first, a declaration of national policy, to increase the use of silver in our monetary stocks with the ultimate object of maintaining 25 percent of the monetary value in silver and 75 percent in gold.

Second, for the purchase of silver at home or abroad, by the Secretary of the Treasury, to give effect to the declared national policy, at prices not to exceed the monetary value, \$1.29 per fine ounce, but at not more than 50 cents per ounce for silver situated in the continental United States on May 1, 1934. Under the provisions of the proclamation of the President dated December 21, 1933, the Treasury Department is authorized to buy at least 24,000,000

ounces of silver newly mined in this country annually, at 64½ cents per fine ounce, pursuant to which authority approximately 6,600,000 ounces have been purchased to date, as reported to me.

Third, for the nationalization of silver, in a manner similar to the recent nationalization of gold, if and when such action is necessary in the judgment of the President, said silver to be coined into standard silver dollars or otherwise added to the monetary stocks and to be paid for in standard silver dollars or currency to an amount equal practically to the bullion value of the silver surrendered, the surplus coin value being retained by the United States, under the term of seigniorage.

Fourth, for the issuance of silver certificates, against any portion of the silver acquired, to be backed at face value by standard silver dollars and silver bullion at monetary value; said silver certificates to be full legal tender.

Fifth, for the control of imports and exports of silver by regulation and licensing and by the imposition of heavy penalties for violations.

Sixth, for a Federal tax, originally as the bill was printed, of 50 percent of the profit on transactions in silver, so as to avoid too much speculation.

Mr. President, commenting upon the bill, as its purpose has now been announced, the present value of gold in the United States, under the new valuation of \$35 per fine ounce, is in round figures \$7,800,000,000. This amount of gold will permit the issue of \$2,600,000,000 monetary value of silver to establish the basis of 75 percent gold and 25 percent silver. Since the present stock of silver, that is, silver certificates, silver dollars, silver bullion, and subsidiary coin, amounts to \$1,339,828,000—circulation statement March 31, 1934—it is possible, therefore, under the legislation proposed, to increase the stocks of silver by approximately \$1,260,000,000.

It is this figure of \$1,260,000,000 additional stocks of silver to which we must give consideration when judging the merits of the proposed legislation.

I know that there is a vast difference of opinion as to whether there is any inflation involved in this legislation. Some people claim there is not any. Others strongly argue that inflation is here.

The present standard silver dollar contains 412.5 grains of silver 0.9 fine; say, 371.25 grains of pure silver. There being 480 grains to the ounce, the amount of pure silver in a silver dollar is coined at the rate of \$1.29 per fine ounce. At \$1.29 per fine ounce for silver, which is the monetary-value price, the purchase of 976,744,190 ounces of silver would be required to make up the additional stocks of silver to a monetary value of \$1,260,000,000.

At 50 cents per fine ounce for silver the total cost of 976,744,190 ounces of silver would be \$488,372,095, resulting in a clear profit to the United States of the difference between \$1,260,000,000 and the cost of \$488,372,095, or \$771,627,905.

That is the argument which is offered by the proponents of the bill as an additional inducement why the bill ought to be passed—because there is an actual profit to the Government which will be made exactly as we made a profit by the devaluation of gold. It is a profit that is fiat.

At 65 cents per fine ounce the cost would be \$634,883,723 and the profit \$625,116,277.

At 75 cents per fine ounce the cost would be \$732,558,142 and the profit \$527,441,858.

Admitting all these facts, it seems to me there is no economic need for such legislation. In the first place, it would be charged that it is in the interest of the silver-producing States, and to that degree is class legislation. However, I do not regard that as a legitimate objection, if it could be shown that by benefiting those States we are not doing an injury to the public at large.

It is stated that if silver should reach a certain price the Government would have the difference in the value between that price and the price originally paid. I do not know how the Government could utilize that value, because there is not to be any sale unless the silver reaches the price of

\$1.29, and that sale provision, of course, is put in there so as to prevent the Government's having to pay more than \$1.29. If the price of silver reaches that point, the Government could then enter upon the sale of silver and defeat the effort to pile the silver of the world upon the United States; but the question is whether additional currency to the extent of \$2,260,000,000, or any part thereof, could be absorbed by business at this time, and whether its issuance would not force out of circulation an equal volume of other currency now in circulation which is redeemable in character, such redeemable currency being principally Federal Reserve notes.

Federal Reserve notes are now outstanding to the extent of over \$3,000,000,000, and the amount of currency which would be issued under this bill would almost certainly displace an equal amount of Federal Reserve notes. I think that conclusion is not to be controverted. It has been proved a thousand times, by a thousand experiences, and we never had a better proof of it than the experience we have right now in the United States with twice and a half the amount of money stock as against the money that is now in circulation.

Mr. President, I recognize the force of the argument of those who are espousing this bill on the basis of its giving a new market for silver. I do not agree with those who state that the new market which will raise the price of silver is going to be beneficial to the country at large. I do not believe that it is going to give any additional urge to our foreign trade. All the argument I have heard has been based, I think, upon a false premise. I have tried to take the time to give the figures and to indicate that the claim of those who say that the use of silver is going to enlarge our oriental trade is wholly without foundation.

Mr. President, I am not in favor of increasing, beyond what we already have, facility to add to the monetary stocks of the country. This bill will do it, but it will not be of any value to the country.

I am opposed to the element of uncertainty that is involved in the passage of this kind of legislation. I am not in favor of inflation. I am not saying that the element of inflation is here involved, but there is a possibility of it, and it may so result; it will depend entirely upon what the President may do.

I am not in favor of the contention that there should be given to silver an artificial price and thus enlarge the profit on it, as has been done in the case of gold. I think that is a very unsound and unsafe procedure. It is going further to tie up business, and the difficulty is that we cannot see any bright spot in the future if something is not done to increase the confidence of business so that business may revive.

I am afraid of so much power being put in the hands of any one man. I thought it very unwise to give to the President the power to devalue gold. We limited him to 50 percent, and then later we put a maximum limit on his power in that direction, but if that process is a correct one, then we can devalue again and then again and again. If that is the proper course, that is the easy way to make money.

Here is a proposal that has the same element in it; and there is also written into it the nationalization feature, which will permit the President to impound all the silver in the country. What I want to know, and what every Senator ought to know, with the impounding of all the gold and the impounding of all the silver, and taking both of them out of circulation, what is to be used after that? Is it a suggestion that we are going to have the world find some new currency, based upon the two metals, under the direction of our Government, which has the major portion of gold and silver? That possibility is in this measure. I do not know what may be in the minds of those who are to administer the proposal, but I have a right to know when I vote to give authority how far the authority is going to reach.

Mr. President, there is no finer authority on the subject anywhere in America than Dr. H. Parker Willis, the man who collaborated in the original creation of the Federal Reserve System. I assume that everyone will admit that in

the discussion of such problems he is probably the highest ranking expert we have in America. Recently in the Bulletin of the National Association of Purchasing Agents, Dr. Willis discussed the silver problem under the heading Another Perplexing Problem Discussed—Silver. I should like all Senators to examine the statement of Dr. Willis, and I am, therefore, not going to read it, but I ask unanimous consent to have it inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement referred to is as follows:

[From the Bulletin of the National Association of Purchasing Agents, May 23, 1934]

ANOTHER PERPLEXING PROBLEM DISCUSSED—SILVER

By Dr. H. Parker Willis

Silver legislation is apparently once again on the schedule at Washington; at the moment of this writing dispatches indicate that there is certainly a distinct possibility, if not an actual probability, that Congress will act in the matter before going home. Current accounts assert that the measure will be largely "permissive" in character, carefully avoiding any compulsion upon the President to do any specific thing within any given period of time. Yet, if those who are close to the situation in the National Capital are correct in their understanding as to what is likely to be in the law if and when adopted, Congress is planning to lay down a general policy with respect to silver and our monetary system which if accepted and acted upon by the President would have important consequences.

It is likewise true that a great many misunderstandings exist on the subject among those in the business community who are well acquainted neither with the so-called "silver question" as such nor with the true inwardness of the monetary aspects of the problems involved. Apparently there are a good many who suppose, or at the least would like to have the rest of us believe that any significant action taken by the Federal Government in respect of silver would constitute, or result in, a species of inflation much more potent in its effect upon prices both in the stock market and the whole business structure than the type of inflation that has been proceeding unnoticed or unrecognized in our midst for years past. Yet it would be difficult indeed to adduce good evidence in support of any such view. Various other unfounded ideas about the probable effects of silver legislation of the sort now proposed are current. It would be a good thing if the business man would sit down with paper and pencil and figure some of these matters carefully out for himself.

PERMISSIVE AUTHORITY VS. MANDATORY POLICY

Apparently the bill now under advisement would authorize and direct the President to buy silver in the open market until such time as either the price of the metal rose to \$1.29 per fine ounce—the price of silver as represented in the silver dollar—or until our metallic monetary reserve consisted of 25 percent silver and 75 percent gold in terms of value. Apparently, however, the President may begin such action at any time in the next decade that may suit him. There is also a good deal of discussion of what is known as "nationalization" of domestically owned silver. By this it is meant that the Government would take possession of all such silver, paying the owner in some one of the several forms of money, possibly silver certificates issued against the silver itself, at a price determined either by Congress or the President. Another feature of current discussion is the idea that the Government would coin all such silver into dollars with the present metal content of such dollars, or else issue silver certificates against it at the present rate of value of the metal for monetary purposes. It is more or less idle at this time to undertake to say whether all these provisions will be embodied in any legislation adopted at this session of Congress or not. What is clear is that the President is already empowered, under the so-called "Thomas amendment to the Agricultural Adjustment Act of 1933", to do any or all of these things at his discretion.

The real question at issue, then, is whether or not the President would accept the "policy" of Congress as expressed in legislation to this general effect as mandatory upon him within reasonable time limits. As to this, no one can give a definite answer except the President, even if he could. Perhaps it would be helpful, however, as an aid to clarity of thought about this whole much-bedeveloped subject to assume that the President would act with dispatch in the event of the passage of some such law at this session, and then proceed to estimate the probable results particularly upon the monetary situation and through it upon the price structure.

FIGURE IT OUT

First the facts. They are rather simple. No one knows with any great degree of exactitude what the stocks of so-called "free silver" in this country really are. Silver advocates in Congress expressed the opinion some weeks ago that they did not exceed about 250,000,000 ounces. This estimate has been generally considered as good as any. Since that time the Government is known to have bought some 35,000,000 ounces. Suppose we give the inflationists the benefit of any doubt that may exist, and say that the domestic stocks of silver available for purchase by the Government at the present time are 225,000,000 ounces. Our produc-

tion of the metal in 1933 amounted to about 62,000,000 ounces. Suppose, for the sake of the discussion, it were to rise again under the stimulus of Government buying to 150,000,000 ounces annually, a figure which would be somewhat above the 1929 rate—a rather fantastic assumption, probably, since so much of the production comes from ores refined for other metals. Our net imports in 1933 were slightly less than 100,000,000 ounces, a strange phenomenon for this country. We are normally large exporters of the metal, and in 1929 exported around 100,000,000 ounces in excess of imports. Assume, further, however, that we continued to import silver during the next 12 months at such a rate that another 100,000,000 ounces arrived during that time. Suppose finally that consumption in the arts and industries continues at the 1933 level of some 25,000,000 ounces.

To the existing stocks of 225,000,000 ounces we should then have to add 150,000,000 ounces of domestic production, and 100,000,000 ounces of imports, and must then subtract 25,000,000 ounces to arrive at what one would suppose would be a liberal figure for the silver that would be available to the Treasury during the next 12 months. This gives a figure of 450,000,000 ounces. Now, should the Treasury issue silver certificates for the silver thus acquired at the rate of \$1.29 per ounce, it would make possible the issuance of \$580,000,000 in silver certificates. Currency in circulation at the present time amounts to somewhat more than \$5,300,000,000. Of course, what would happen if silver certificates in the amount already mentioned were issued is that they would simply replace other forms of currency outstanding, leaving as a net effect merely another increase in the already fantastically large excess reserves of the banks. But, even if such substitution did not occur, the addition of another \$580,000,000 to the total outstanding currency circulation would still leave the "money in circulation" far smaller than it was at this time last year.

Those who are counting upon "inflation" immediately upon the launching of a program of silver subsidy would thus do well to check over the facts a little more carefully.

ULTIMATE EFFECT DISCOUNTED

Now as to the ultimate future. The establishment of the metallic monetary reserves of the country upon a basis of 25 percent silver and 75 percent gold would, according to Treasury estimates based upon present monetary gold stocks, require the purchase by the Government of something more than 1,300,000,000 ounces of silver. The facts already presented make it clear enough that, regardless of what the policy of the Treasury may be, it would probably take it at least 2 or 3 years to acquire so much silver. Let us, however, concede that it could accomplish this change in our metallic monetary reserves in the course of the next 2 years, and would issue silver certificates at the rate of \$1.29 per ounce for all silver purchased. This would mean an addition to the volume of outstanding silver certificates amounting to \$1,677,000,000, during the course of the next 2 years. No one need doubt that, unless for some other reason there was a great increase in hoarding, these silver certificates too would merely replace Federal Reserve notes or other forms of currency now outstanding so that, at the end of the period, we should have no more money in circulation than we have now. Of course member bank reserves, which today stand at about \$3,700,000,000 and are vastly larger than are being used, would be substantially increased, but experience has shown, clearly enough, that mere excess reserves do not alone produce what most people call "inflation"—that is, enlargement of bank portfolios and rising prices.

Where in all this is there any support for the popular idea that silver legislation of the type now being urged would at once cause a sharp rise in commodity prices?

Of course it need hardly be added that nothing that has been said in the course of this discussion is to be construed as an argument for silver legislation. Far from it. There are many and weighty arguments against such action on the part of Congress and none in favor of it. What has been done in the course of this presentation is merely to give chapter and verse to show that even the "inflation argument" that is currently brought forward in support of silver legislation of the type proposed is fallacious. The real argument or reason behind the effort to "do something for silver" is what an American public man, advocating shipping legislation a generation ago, called "subsidy—just plain subsidy."

Mr. FESS. Mr. President, Dr. Edwin Walter Kemmerer is probably the best authority on the question of silver in the Orient. He made some remarks on the silver plan which were printed some days ago under the heading Economist Says Scheme Will Waste Millions and Weaken Confidence. I ask unanimous consent to have that article inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article referred to is as follows:

[From the New York Sun, May 24, 1934]

KEMMERER ASSAILS SILVER PLAN—ECONOMIST SAYS SCHEME WILL WASTE MILLIONS AND WEAKEN CONFIDENCE

The administration's latest program of doing something more for silver is one more step down the inflation path, weakening confidence in the dollar and wasting millions of dollars in the purchase of useless, dead silver at a time when other nations are

selling, not buying, and in a depression when there is a large Government deficit, declared Prof. Edwin Walter Kemmerer, Walker professor of international finance at Princeton and noted monetary authority, in an interview with a Sun reporter here today. Professor Kemmerer was on his way to speak on sound money in Indianapolis.

The President, Dr. Kemmerer said, should stop temporizing with the silverites and cease making compromises which get nowhere, declaring that the steps so far taken for silver had already gone too far and that further steps would be dangerous. Professor Kemmerer, in analyzing the latest silver bill, discussed it from three angles. First, from the standpoint of international agreement on broadening the monetary base; second, whether we need a broadening of that base; and, third, if we did need a broadening of the base, would silver do it? To all these Professor Kemmerer said the answer was no.

Professor Kemmerer observed that there was little interest outside the United States and little interest outside the silver group in the United States broadening the monetary base. Certainly there was no chance of enlisting the interest of the leading nations in any far-reaching international agreement. There has been no bimetallic country in the world since 1873, he pointed out, and the only silver-standard countries are China, Hong Kong, and Ethiopia. China, he explained, is looking forward to the gold standard as soon as political and economic conditions in the country will permit.

LITTLE OUTSIDE INTEREST

Emphasizing his point that there was little interest in the world, outside the silver group in the United States, in broadening the metallic base, Professor Kemmerer said:

"It is significant, in connection with the President's message of May 22 recommending broadening our monetary base by inclusion of 25-percent silver that, in response to a questionnaire recently sent to all members of the American Economic Association, the leading association of American scientific economists, 85 percent replied 'no' to the question: 'Do you favor an increase in the silver base of our currency by additional purchases of silver?' and 95 percent replied 'no' to the second question: 'Do you favor an increase in the silver base of our currency by bimetalism?'"

As to the second point, does the country need a broadening of the monetary base, Professor Kemmerer said: "My answer is distinctly, 'No.'" The United States, he declared, now has virtually the same stock of gold it had in the boom times and "even then we had more than we needed." Devaluation of the dollar had changed the ratio of gold to other kinds of money, every old dollar of gold having become \$1.69 in new dollars. Referring to the March 31 circulation statement of the Treasury, Dr. Kemmerer pointed out that there was actually today 40 percent more monetary gold in the country than there was of all kinds of money in circulation. In addition to this, he declared that the banks were bulging with unused funds, that excess reserves were 40 times what they were in 1929; that the banks had plenty of paper eligible for discount at the Federal Reserve banks and that the Federal Reserve banks themselves had high unused reserves. In addition the Treasury has large amounts of idle money.

"The country is just glutted with money", said Professor Kemmerer, "but the great trouble is it's not moving. It is not moving because of lack of confidence on the part of the business public in Washington."

Dr. Kemmerer referred to the study of world gold hoarding compiled by the Bank for International Settlements and observed that there was no dearth of gold, but that hoarding during periods of depression temporarily decreased monetary supplies, the metal coming out of hoarding in periods of prosperity. Emphasizing the lack of any shortage, Dr. Kemmerer pointed out that monetary gold in central banks and governments at the end of 1921 was \$8,023,000,000 and at the end of 1932 was \$10,297,000,000. For the 19 years 1913-32, he said, this world stock of monetary gold increased 144 percent or an annual average of 4.8 percent compared with an annual average increase in physical volume of basic commodities, as estimated by Dr. Carl Snyder, New York Federal Reserve Bank statistician, of 3.15 percent. In 1932 the world's annual production of gold was the largest up to that time in history and the 1933 production slightly exceeded that of 1932. "Under normal conditions", said Dr. Kemmerer, "there will be no need of the world's stock of monetary gold increasing as rapidly as the world's production of basic commodities or its physical volume of business, because of continually increasing economies in the use of gold."

The third point, if one wanted to broaden the base, would silver do it? Dr. Kemmerer said, was answered by the mention of the fact that the chief purpose of redemption of a money in gold was international payments, and since silver was a means of payment in few countries it would not generally be acceptable. Nor would there be any incentive for anybody to redeem silver certificates at the rate of \$1 in certificates for about 35 cents worth of silver. Redemption in silver bullion would be inconvenient and unpopular. A reserve that is not actually used for redemption purposes and which does not thereby serve to adjust the supply of money to the changing demands of trade is dead and useless. Such is our silver reserve today held against the silver certificates. Such was the large silver bullion reserve held against the Sherman Treasury notes of 1890, which were largely responsible for the economic crisis of 1893 and such will be the silver reserves now being built up at great expense to the Government. This silver would merely pile up in the Treasury, dead. Dr. Kemmerer said:

"It is a rare occurrence for the public to present silver certificates in any considerable quantities for redemption in silver dollars—the exchange is nearly always in the other direction—and the privilege of redeeming a dollar silver certificate in a silver dollar worth say 35 to 40 cents gold, has no influence whatever in maintaining the gold value of that certificate and will have no such influence unless we inflate our currency to such an extent as to bring the gold value of the certificate down to approximately the gold value of the silver in the silver dollar."

UNITED STATES SHOULD SELL SILVER

With millions of dollars of dead silver on hand, the United States is undertaking to buy more, and buying when other countries are selling. This country, Dr. Kemmerer said, should be selling silver, as India is doing, rather than buying it.

The President, concluded Dr. Kemmerer, today should stand where President Cleveland stood in 1893. "What President Cleveland said then is peculiarly applicable to Congress today. 'The people of the United States', said Cleveland, 'are entitled to a sound and stable currency and to money recognized as such on every exchange and in every market in the world. Their Government has no right to injure them by financial experiments opposed to the policy and practice of other civilized States, nor is it justified in permitting an exaggerated and unreasonable reliance on our material strength and ability to jeopardize the soundness of the people's money.'"

Mr. FESS. On May 24, the leading editorial in the New York Times entitled "This Silver Bill and Others" is a very readable article written by a man who evidently knows the subject. I should like to have that editorial inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The editorial referred to is as follows:)

[From the New York Times, Thursday, May 24, 1934]

THIS SILVER BILL AND OTHERS

Whatever is to be the result of the President's silver message and of the formulated "silver bill", it is already evident that the proposals actually please very few. Some members of the silver bloc recognize grudgingly that a concession has been made to them, but intimate that they have not got what they wanted. In business circles no enthusiasm has been shown for the President's plan, even as an inflation hypodermic. Cotton and wheat, the price of which has often risen temporarily at the idea of silver legislation, have made no response; silver itself has lost ground on the market.

Probably the community at large is merely bewildered. It certainly received little enlightenment from the Presidential message, which contained a good deal of unsupported assertion. Not the slightest evidence has appeared on any hand that the silver agitation, which in 1896 and 1878 stirred whole communities into intense political excitement, has reappeared. If one may judge by the cabled comments, the President's statement that at no time since 1878 have conditions been more favorable for international agreement on a mixed money standard causes only skepticism abroad.

In some respects the present episode has repeated similar past experience at Washington. It is a manifest attempt at political compromise, and in this strongly resembles the ill-fated Silver Purchase Act of the Harrison administration in 1890. That, too, was an era of political dissatisfaction and of rash political experiment; the White House then favored "doing something for silver" because it found that only thus could it insure passage of a higher tariff. It resembles the equally celebrated Silver Coinage Act of 1878 in that large-scale compulsory purchase of silver was on that occasion conceded with the purpose of heading off a congressional demand for outright free coinage of silver with a resultant unlimited increase in the currency.

Both of these older compromise silver acts worked badly. Both resulted eventually in business reaction, embarrassing outpour of gold from the United States. Both were abandoned afterward; none of the benefits promised to the American business situation were realized. As for the Government's own experience with those statutes, the Monetary Commission calculated in 1898 from the Treasury's statistics that the silver bought by the Government under the act of 1878 cost \$308,279,000 and that purchases under the act of 1890 cost \$155,931,000, which, with cost of transportation, footed up \$465,274,000, whereas the market value of the silver thus acquired was \$266,769,000 at the end of 1897, indicating loss on the unsuccessful operations of more than 42 percent.

It is doubtless true that loss or waste of public money, in amounts vastly beyond the modest calculations of the nineties, has no such effect nowadays on the public mind as it used to have. Nevertheless, what most impresses thoughtful citizens familiar with our financial history is the seeming lack of knowledge regarding what should be these well-known lessons of the past. Or is it perhaps that our public officials, if not the general public, have come to believe, as they did in 1929, that we are living now in a new era, in which old-time economic rule and precedent no longer apply?

Mr. FESS. Mr. President, one of our recognized authorities on the silver question as well as the monetary question

generally is Dr. Neil Carothers, of Lehigh University. He has submitted certain observations on the silver issue. He is professor of economics and director of the college of business administration at Lehigh University. His article appears in the American Bankers' Association Journal for May of this year on the subject "Incredible Silver." It is a very readable article, and I should like to have it inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article referred to is as follows:

[From American Bankers Association Journal, May 1934]

INCREDIBLE SILVER

(By Neil Carothers, professor of economics and director of the College of Business Administration, Lehigh University)

In all history there has never been anything like this so-called "silver issue." Consider one small detail only: The number of nations that use silver as basic money is a simple matter of known fact. It is reported in every almanac, in dozens of Government documents, in hundreds of books and articles. The Chinese are the only people who use silver, and the Chinese are about one-fifth of the world's population, and have about 2 percent of the world's trade.

What would you think if day after day the papers carried quotations from eminent men saying that buttermilk is the standard money of a third or a half of the world's population, and therefore that a rise in the price of buttermilk would revive the trade of the world? It happens that this absurdity would be a little nearer the truth than the same statement about silver. While neither buttermilk nor silver is used by any economically important part of the world, a rise in buttermilk prices would not affect international trade, but a drastic rise in silver prices would greatly injure China and to that small extent reduce world trade. When able and experienced currency experts are confused about silver, what chance is there for the masses of the people, who get their judgments on the issue from the Reverend Coughlin, Will Rogers, Raymond Moley, Senator Wheeler, Harry Elmer Barnes, and the chairman of the committee for the Nation?

Silver is not a currency issue; it is a political issue. It is not a monetary problem; it is a problem in propaganda. It is not a question of industry or trade; it is a question of the capacity of a democracy to govern itself. Books of a thousand pages have been written on the subject. To an audience of intelligent bankers the story can be told in a thousand words. It will be assumed that you already know that for a single nation bimetalism will not work; that no nation in the world has bimetalism; that the adoption of bimetalism at a ratio favorable to silver will immediately destroy the gold standard; and that international bimetalism is not now a possibility. And one word of warning. To understand the silver question it is necessary to understand the coinage history of this country. If you are not willing to learn this dull and dry page from your country's history, do not venture into this muddy field of sectionalism, propaganda, and political trickery. On the next page there is a brief outline of silver measures. If you do not know exactly what each of these measures did, keep off the radio and the printed page.

For a thousand years the world struggled with bimetalism. One at a time all the nations abandoned it as a failure—England, France, Germany, Russia, Japan, Argentina, Mexico, India, and all the rest, save China. In 1792 Jefferson and Hamilton established our coinage, with bimetalism at a ratio of 15 to 1, solely because at that time every other nation had the same system. It was a complete failure, so much so that in disgust President Jefferson suspended the coinage of the silver dollar in 1806, and its coinage was not again permitted for 30 years. From 1792 to 1834 this country depended almost entirely on bank notes and foreign coins.

In 1834 the ratio was changed to 16.002 to 1 and in 1837 to 15.988 to 1. This is the famous 16 to 1. At this ratio the silver in a dollar was worth, in the next 40 years, from \$1.01 to \$1.05, and silver could not be coined. The laws of 1834 and 1837 put this country completely on the gold standard. It has been on the gold standard ever since. Because of the gradual exhaustion of foreign coins and the negligible coinage of silver at our mints, the country was gradually starved of all small change. In 1853 Congress abolished bimetalism for all silver coins below the dollar and made them subsidiary, mere "tokens" like copper cents. Through a foolish oversight that later caused a national tragedy an incompetent Congress failed to take any action about the silver dollar, at the time a coinage curiosity, too clumsy to be made subsidiary. In 1869 two Treasury employees undertook a revision of all the scattered coinage laws. In the bill the absolutely unknown silver dollar was dropped from coinage. The bill was before Congress from 1869 to 1873. The dropping of the dollar was occasionally mentioned, but in all those years not one Member of Congress ever questioned it.

Thus we have three essential facts, that bimetalism never was in practical operation in this country, that from 1792 to 1934 our silver coinage has never been used as the Nation's basic money, and that the 16-to-1 ratio has never had any significance in American history. But when in an unguarded moment I turn on my radio on a Sunday afternoon I hear a roaring voice declaring that in 1873 English bankers sent \$500,000 to Washington to

bribe Congress to steal from the common people their cherished silver dollars.

One of the unhappiest events in American history occurred in 1874. The price of silver went down. There had been wild speculation in Nevada silver shares, both in and out of Congress. When the world market ratio went above 16 to 1 the silver interests made a discovery. It was that if the law of 1873 had not dropped the silver dollar, a smelting company could take 90 or 95 cents' worth of silver bullion to the mint and have it coined into a dollar. In other words, if they could by political manipulation restore that 16-to-1 ratio, which had never been in effect and was now a dishonest ratio that would destroy the gold standard and American finance, an unearned profit for silver miners could be obtained, for a little while, at the expense of the Nation's solvency. They set about getting this profit through politics, and for 60 years they have never relaxed the effort.

They have never quite achieved bimetalism at 16 to 1. But they have been very near to it. Failing in this attempt, they have managed to bludgeon out of the Government, at intervals, direct subsidies for silver. In every case they have done this under cover of war, depression, or political crisis. In 1878 they got the Bland-Allison Act. This was a simple measure. It merely ordered the Government to buy \$24,000,000 to \$48,000,000 of silver bullion annually and coin it into dollars. The amounts just equaled the probable output of the American mines. The Treasury flatly refused to buy more than the minimum amount. But the subsidy encouraged production. So in 1890 the Sherman Act contained a provision which, simply expressed, forced the Government to double its purchases.

It is essential to understand the nature of these dollars that were coined from this bullion. They were full legal tender and were coined at the old weight which made their ratio to gold 16 to 1. But the value of silver was falling steadily, and the actual value of the silver dollar was anywhere from 40 to 70 cents. The coins were thus debased and dishonored pieces, forced upon the people by a venal statute. The people would not have them. The population of the West accepted them for "patriotic" reasons, and the southern negroes, at that time unable to read, preferred them to notes. But the bulk of them poured back into the Treasury, alarming the Government. So a clever scheme was devised, to issue a warehouse receipt for each dollar, bury the dollar in the vaults, and pass the certificate out to the people. In this way the Government could get rid of them. If you have a dollar bill in your purse, it is a silver certificate. It entitles you to ownership of a useless and debased coin that has been lying in the dust of the Treasury vaults for 40 or 50 years.

Passing the dollars over to the people did not save the Treasury. The certificates inflated the currency and drove out an equal amount of gold. The financial world became frightened. In the fall of 1893 India went off the silver standard. A wild panic ensued in New York, developing into the tragic depression of 1893 to 1897. The Treasury narrowly escaped insolvency. In humiliation Congress repealed the Sherman Act.

But the silver interests were not through. They reopened the fight for bimetalism. The nonsense about "the crime of '73", Coin Harvey, and the Bryan campaigns were some of the results. By a narrow margin sanity prevailed. In 1900 Congress pledged this country to the gold standard. The adventure in subsidizing silver gave the country a panic and left as a legacy a liability for redemption of over 500 million dead and buried dollars, worth less than 50 cents apiece. This liability, a menace to Treasury solvency, is constantly referred to by the silver bloc as the "auxiliary silver reserve."

In 1918 war conditions drove the price of silver to unprecedented heights. England badly needed silver and bought 270 millions of the dollars and melted them. At one stroke we got rid of one-half of this useless and dangerous mass of dead silver. But in the confusion of war measures the Pittman Act was jammed through. It forced the Government to buy from American silver miners enough bullion to replace every ounce sold to England and to pay \$1 per ounce for it. In the ensuing years, when silver was selling everywhere in the world for 65 cents an ounce, our Treasury was buying the metal at \$1 and piling the dollars back in the vaults. The actual cash gift to the silver interests, out of taxes, was about \$70,000,000. The Government liability recreated was somewhere between \$100,000,000 and \$150,000,000.

No opportunity for further plunder presented itself until the present depression. President Hoover was hounded mercilessly by the silver bloc, but he resisted them valiantly. Their opportunity came in 1933. So far they have accomplished the following:

- (1) A provision permitting the payment of the allied debts in silver.
- (2) A provision in the Thomas Act authorizing the President to restore bimetalism at any ratio he thinks best.
- (3) A joint agreement between the United States and four other nations to buy a total of 35,000,000 ounces annually.
- (4) An order by the President to buy 24,000,000 ounces as our share of the 35,000,000 at a price of 64½ cents an ounce, 21 cents above the market price, the amount just covering the annual output of American mines.
- (5) A provision in the gold devaluation law permitting devaluation of the silver dollar in proportion to gold. In simple terms this is equivalent to authorizing a value of \$1.66⅔ to \$2 for a silver dollar worth, at the present time, even in terms of the devalued gold dollar, about 35 cents.

There is now before Congress an indescribable medley of bills attempting to do something more for silver. One of them calls for bimetalism at 16 to 1, another for the purchase of one and one-half billion ounces. The others attempt to tie up a subsidy

for silver with some such issue as the bonus or foreign trade. All except the suicidal 16 to 1 proposal call for the coinage of more debased silver dollars to be piled in the vaults, and the issue of more certificates, mere fiat money, to the extent of the difference between the money value and the bullion value of the silver dollar. It is a question how long the poor old gold standard, already juggled, mutilated, and suspended, can stand the strain.

This is the story of silver in America, a story without parallel anywhere else in history.

This writer has a solution of the silver problem. He recommends that the Government call a conference of the silver interests and offer complete surrender. Ask them what sum in cash they will take to withdraw from politics—and give it to them. Whatever they ask, the bargain will be cheap at the price.

Mr. FESS. Mr. President, in conclusion, let me say that the money question will always be with us. I do not have any hope that there will ever be any solution which will be permitted to be considered as final, but all the world has come to the conclusion that we ought to have a medium of exchange that has the least variability in its price. In the past gold has served, and in the present gold serves better than anything else. Silver has a greater variability in its production and also in its price currents. The fact that more countries of the world have confidence in gold than in silver would, it seems to me, certainly make gold preferable to silver, because it has a greater value and the smallest compass. If we could use both under the form of bimetalism, that would be a very welcome possibility, but we simply cannot do that unless other nations agree with us on a ratio. It would be fatal to undertake it alone. We need go no further than a mere attempt to inaugurate such a plan in order that we may know the accuracy of that statement.

It is not enough to say that we have all our gold impounded, and therefore have no basis, and therefore silver will not drive out gold. That is not enough. Whatever be the purpose of those in authority today, we must get upon a proper exchange value basis. We have attempted it by stabilizing the dollar at 59 cents for the time being. We do not know how long that may continue. But the step must be taken, and will be taken before we get out of this depression, to fix a definite value of the dollar upon a gold basis. We will be compelled to do that if we are to get out of the depression. It has not as yet been done.

We are operating today with a rubber dollar. When we go on the gold basis, then business in the world will know on what basis contracts can be made and with what money contractors will be paid. Whatever be the purpose of the administration for the moment, we will be compelled to stabilize on the gold basis because that is the basis which other countries of the world will use. When we do that, then we should not disturb it by legislation of this character.

For that reason, among others, I cannot support the bill.

THE CHACCO

[Mr. LONG addressed the Senate in continuation of the speech begun by him yesterday. His speech entire is as follows:]

Thursday, June 7, 1934

Mr. LONG. Mr. President, a letter has been directed to me by the Bolivian Minister, and I suppose it was handed out to the newspapers before it was sent to me, in which he undertakes to assail some of the statements I made on the floor of the Senate last week.

In my statement to the Senate, I said that the Bolivian and Paraguayan Governments are now engaged in war as a result of the agitation for concessions granted by the Bolivian Government to the Standard Oil Co. of New Jersey. I said that the Standard Oil Co. of New Jersey had been granted a large number of concessions by the Bolivian Government on territory which was not owned by Bolivia, but which was owned by Paraguay, a territory which was adjudicated to Paraguay by the President of the United States when he acted as an arbiter between Argentina and Paraguay when the conflict in that country centered about the alliance of Brazil and Uruguay and Argentina against Paraguay.

Mr. President, I send to the desk, to form a part of my remarks, first, a list of the concessions which have been

granted by the Bolivian Government to the Standard Oil Co., comprising 2,418,131.76 acres, and I ask that I be allowed to have this article translated in the Record, the translation to be inserted at the conclusion of my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit A.)

Mr. LONG. Mr. President, the territory to which I have just referred comes within the award I have mentioned.

I hold in my hand Moore's International Arbitration History, volume 2. On page 1943 there is contained the award made by Rutherford B. Hayes, and I read the award:

NOVEMBER 13, 1878.

Rutherford B. Hayes, President of the United States of America
To all to whom these presents may come, greeting:

Whereas, pursuant to the fourth article of the treaty of limits between the Argentine Republic and the Republic of Paraguay, of the 3d day of February eighteen hundred and seventy-sixth, it was stipulated that ownership in or right to the territory between the River Verde and the principal arm of the Pilcomayo River, including the city of Villa Occidental—

That was later changed to Villa Hayes, after this award—should be submitted to the definite decision of an arbitration; and

Whereas by the fifth article of the same instrument, the two high contracting parties agree to select the President of the United States of America as umpire to decide as to the right to possess the said above-described territory; and

Whereas the high contracting parties have, within the stipulated time, presented their invitation to the proposed umpire—

Who was the President of the United States—

which was accepted by him, and have, also, duly presented their respective memoirs, and the documents, titles, maps, quotations, references, and all the antecedents which they judge favorable to their rights, as provided in the sixth and eighth articles of said treaty.

Now, therefore, be it known that I, Rutherford B. Hayes, President of the United States of America, having duly considered the said statements and the said exhibits, do hereby determine that the said Republic of Paraguay is legally and justly entitled to the said territory between the Pilcomayo and the Verde Rivers, and to the Villa Occidental, situated therein, and I, therefore, do hereby award to the said Republic of Paraguay the territory on the western bank of the river of that name between the Rio Verde and the main branch of the Pilcomayo, including Villa Occidental.

In testimony whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done, in triplicate, in the city of Washington, the twelfth day of November, in the year of our Lord, eighteen hundred and seventy-eight, and of the independence of the United States of America the one hundred and third.

R. B. HAYES.

By the President:
[SEAL]

WM. M. EVARTS,
Secretary of State.

Mr. President, the limits of this Chaco territory were therein stipulated, insofar as concerned the southern border, extending northward into the Chaco territory. There was no claimant to the northern part of the Chaco. That part lying between the Pilcomayo River and the Verde River was the only part of the territory that was in contest.

In order to show that this is a most outrageous aggression, that the Standard Oil Co. and the Republic of Bolivia are in the most intense bad faith, that this is a fraud from top to bottom, I present to the Senate a map of this territory, the official map as prepared by the Republic of Bolivia in the year 1848. I want Senators to bear me witness to this, that the award made as the result of the war by Argentina, Brazil, and Uruguay as against Paraguay was made in 1878, and that, as showing why Bolivia was not a party to that war, Bolivia had long before conceded Paraguay's claims as shown by the map Bolivia had caused to be prepared in 1848, and had made its whole preparation and its whole set-up of territory on that basis. Bolivia conceded to Paraguay, as outlined by this map, not only all of the Chaco, now claimed by Paraguay, but it conceded to Paraguay that part of the Chaco lying south of the Pilcomayo River, which was by the Hayes award allowed to the Republic of Argentina, and here is that map.

EXHIBIT Z

MAPA COROGRÁFICO DE LA

REPÚBLICA DE BOLIVIA

CON LA TOPOGRAFÍA DE LAS FRONTERAS LÍMITROFES
MANDADO LEVANTAR POR EL EXCMO. SR. PRESIDENTE JOSÉ BALLIVIAN

Y FORMADO POR EL CORONEL DE
INGENIEROS FELIPE BERTRES, DIREC-
TOR DE LA MESA TOPOGRÁFICA.—1848



Mr. LONG. I read this translation copied from a document:

To avoid any doubts from arising in this respect, the Bolivian Government made an express statement in a valuable document.

The President of the Republic, Don José Ballivián, had at the time entrusted Col. Felipe Bertres, director of the Topographic Bureau, with the elaboration of a map that would show the limits of Bolivia with the neighboring countries, in accordance with the position of the Bolivian Government in these matters.

Bertres performed the work and published it in 1843 under the title "Chorographical Map of the Republic of Bolivia, with the Topography of the Limiting Borders, ordered drawn by His Excellency the President, Señor Ballivián." In it the limits between Paraguay and Bolivia are shown by a pink, straight line that, leaving Bahía Negra, follows a southwesterly direction until it meets the Pilcomayo River, a little above parallel 23 degrees.

This map, to which reference is made only as a means of proving irrefutably the official criterion of Bolivia regarding the riparian zone of the Paraguay River, placed this zone, as may be graphically seen in the following outline, integrally within Paraguayan jurisdiction.

This map, drawn by and for the Bolivian Government, shows, according to its own contentions, that they are invading territory and trying to give the Standard Oil Co., of America, jurisdiction over this territory, which it is shown not only by the Bolivian map belonged to the Paraguayan

Government but which was, by the award of Rutherford B. Hayes, President of the United States, acting as the umpire, held within the territorial limits and bounds to the Paraguayan Government.

Nothing could be of greater evidence of the bad faith than the fact that the territory thus conceded and awarded has been invaded.

In order that there shall be no doubt about the mischief, let me read something to show that the late invasion of the Chaco by Bolivia is with the intent and purpose afoot to deny the Hayes award, and thus they have undertaken to act for and deliver this property to the Standard Oil Co. That giant, the great corporation, the Standard Oil Co. of New Jersey, existing under the laws of this country, chartered by this country, has gone down into South America, and in order to illegally take valuable concessions of the United States the award has been denied by its own creature. The fixed territorial limits have been denied, the jurisdiction of Paraguay as fixed by the United States Government itself has been denied in order to promote a war and take away those valuable concessions down there; to do it they have renounced the award made by and under the flag which gives it existence. Yet this Government is allowing that concern to do that very thing today; they are today claiming those concessions right there in that Chaco territory which under the award of the United States, through its own President, was made to Paraguay and has been conceded to Paraguay, so far as regards the Argentine, for more than 60 years, and as regards Bolivia by a concession which they themselves made more than 90 years ago and which the United States award of 1878 affirmed.

If anybody else were performing as is the Standard Oil Co. and the imperialistic finance of America, there would not be a half-way trial made of the matter. They have been trying to involve America in a war down there so long, in order that they could steal territory, that the memory of man runneth not to the contrary. They have been trying to make one alliance after the other, and through that to make a war down there, so they could steal that territory of the Chaco. They have stolen what they have there now all through the confusion and wars that were created.

I read a news dispatch taken out of the Evening Star of Thursday, May 31, 1934. It is entitled:

Bolivia appeals for League's aid.

Bolivia has run over to Geneva, to these famous World Court and League of Nations; Bolivia, which put a map out and said that the Chaco was territory which belonged to Paraguay; Bolivia that was living in accord with the award of Rutherford B. Hayes, the President of the United States, has run over to Geneva. What does she say? Here is one of the things that I quote from this article from Geneva, May 31, 1934:

After a survey of the history of the Chaco War and a brief allusion to it as "a war of oil", the Bolivian representative said the fundamental claim of Bolivia is the right to possess the so-called "Hayes zone"—

The right of Bolivia, he said, is to possess this very territory that Rutherford B. Hayes awarded to the Republic of Paraguay. So here is the Standard Oil Co., of the United States, sailing under the title of Bolivia, putting one of their emissaries on a boat and skyrocketing him over to Geneva to renounce the award of the United States of America and to use armed force in invading that territory and taking it away from Paraguay. Why? Because Paraguay has only one-third the number of people there are in Bolivia, and, in addition, Bolivia has the power of finances of the Standard Oil Co., of America. I continue to quote:

The Bolivian representative said the fundamental claim of Bolivia is the right to possess the so-called "Hayes zone"—the arbitral division of the Chaco by President Hayes, of the United States, in 1879.

"Arbitral division of the Chaco"? They say in plain words "We are trying to take away this particular part of this territory which was given by the award of the President

of the United States to Paraguay, and it is our right to possess it", so they say. I complete the reading:

Costa Durels declared Bolivia was not able to recognize the justice of President Hayes' decision and, at all events—

Just notice that. "We are not able", says he, "to recognize the award made by the President of the United States." They are not able to recognize it because the United States has a Standard Oil Co. sailing the Stars and Stripes; it has at times called upon the marines to go to the Tropics and shoot the "spigs" whenever the time has been that it would do them any good. Our soldiers have been there time after time, without any declaration of war to justify it, to maintain their concessions. The great Stars and Stripes of the United States are at one time used to maintain these concessions over great oil fields of that country, but, in order to do it, they have to renounce the laws and the treaties and the awards of the United States of the territory. Such a fraud cries out. The blood of murder stains their hands.

So they have this envoy sailing over to Geneva in order to have Geneva give some motion to justify their acts. They wish to have any kind of a superficial atmosphere about their crime, even a claim that there was an involvement, a colloquy, or a controversy, because they could not contend for it, Mr. President, on the basis of their own calculations and admissions and the awards they have either made, invoked, or conceded.

Costa Durels declared Bolivia was not able to recognize the justice of President Hayes' decision and, at all events, Bolivia insisted upon some compensatory award in connection with the allocation of various sections of the Chaco to Paraguay and Bolivia since, he contended, Bolivia had the right to the whole Grand Chaco.

Now, can you beat that? Can you beat that? Can you beat that, that Bolivia comes in and says "We have the right to the whole Chaco." We who did not claim it, we who sat there and saw a war fought over it between Argentina and Paraguay, we who drew our own map 30 years before they went to war, not only conceding the Chaco that we now claim, but conceding the Chaco that Argentina won, all to Paraguay, we who cannot now dispute it—had no reason to dispute. And they are suddenly enlivened—by what? Who is it that calls and causes Bolivia to renounce the award of the United States? Who is it? It is the United States' own Standard Oil Co. which has gone to Bolivia for the concessions and to finance their war against Paraguay in order that they can destroy their valiant people.

There are only 850,000 Paraguayans alive, Mr. President. When the war started in about the 1870's there were about 1,250,000 Paraguayans. They fought against Brazil and Uruguay and Argentina until so many of the Paraguayan people were exterminated that only 270,000 individuals in that country were alive. Shades of the Spartans at Thermopylae! When they wound up that war there were only 270,000 Paraguayans left out of 1,250,000 Paraguayans, including all men, women, children, and infants.

And so the Paraguayans started again to build up that little country, with only a quarter of a million people straggling and left to live out of the entire one and a quarter million they had to start with. They entered into a treaty based upon the award made by the President of the United States and started out as a peaceful country.

There is a religious colony known as the "Mennonites", formerly located in the United States. Some of them moved up to Canada. Some wanted to locate at a place where they would be guaranteed freedom from compulsory military service. So they made an arrangement with Paraguay and moved into the Chaco. They moved into the Chaco under the title of the Paraguayan Government, and they are in the Chaco today.

It never was claimed by Bolivia that they had no right there; it never was claimed by Bolivia that she had anything to say about what they did with that territory insofar as concerned the grant that was made there to the Mennonites, but today they are right in there, bombing and under-

taking to take the territory away from those people who went in there under that agreement.

I am going to send to the desk and ask to have printed at the conclusion of my remarks the entire article that appeared in the Washington Evening Star entitled "Bolivia appeals for League's aid."

The PRESIDING OFFICER. Without objection, the article will be printed as requested.

(The article appears at the conclusion of Mr. Long's remarks.)

Mr. LONG. I have the further information, Mr. President, that when the Hayes award was accepted, by a decree of May 18, 1879, 6 months after the award had been rendered and broadcast to the four winds, Paraguay appointed a commission to take possession of Villa Occidental, within the award, and soon Argentina gave up the town to the great rejoicing of Paraguay. Bolivia once more remained silent. There was Bolivia, with her confines established by her own map, a copy of which I have exhibited here on the floor of the Senate, and which I exhibit now, making no pretensions whatever in connection with the matter, but, on the contrary, to all intents and purposes, being a party consenting in advance.

The further data that I wish to submit to the Senate show that there has never been any interest displayed by Bolivia in developing the Chaco. Railroads have been extended in there from centers of Paraguay; they have built up settlements, they have built forts, and have extended transportation lines and facilities. That has all been done in this part of Paraguay, the Chaco. That has been going on with intensifying development there for a number of years, none of which activities were interfered with by Bolivia, and all of which was in accord with the Hayes award, all of which was in accordance with Bolivia's own confines, as shown here by the map of Bolivia itself.

I have a document here published under the authority of the Pan American organization, which represents all the Latin-American countries in Washington, an article which was published at Santiago de Chile in 1933, the article being based upon this book. The article says:

[Translation]

There is another document, emanating no less than from the Bolivian Foreign Office in 1843, which proves how Bolivia did not possess then, nor aspired to have, the territory of the Chaco Boreal. It is the memoir of the foreign office, submitted on April 23, 1843, by the Foreign Minister, M. de la Cruz Méndez, where it says (pp. 6-7): "Just as great is the need of entering into arrangements of similar nature with the Republic of Paraguay, also a neighbor. The Government intends to make a valuable acquisition in benefit of the future progress of the national commerce and industry, obtaining from the Government of the Republic of Paraguay, as well as from that of the Argentine Confederation and that of His Majesty the Emperor of Brazil, the recognition of the free navigation on the rivers that, originating in Bolivian territory and running through those states, empty their waters into the Atlantic; of the Paraguay and Parana Rivers, through the Plata River; and of the Mamoré, Ucayali, and Beni Rivers, through the Marañon or Amazon River.

"The Government does not doubt that those states will gladly accede to so just a demand, persuaded of the great benefit that they themselves will derive from the use of the rivers of this part of America and of the rich territory which they traverse."

This is a memoir published by the Foreign Minister of the Republic of Bolivia.

Mr. FESS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Ohio?

Mr. LONG. I yield.

Mr. FESS. Will the Senator permit me to call his attention to a rule of the Senate that forbids a communication from a foreign government being presented here except through the State Department. That is one of the rules of our body.

Mr. LONG. This is not an official communication of a foreign government.

Mr. FESS. Then it is all right.

Mr. LONG. This is a statement issued by the Foreign Minister of Bolivia, which was a kind of unofficial sounding out of sentiment.

Mr. FESS. I thought it was a communication from a foreign government.

Mr. LONG. No; this is not such a communication. It has been published to a considerable extent. It was what might be called a semiofficial document, such as Japan issued the other day when she was announcing her doctrine.

Mr. FESS. I do not raise the point of order in view of the statement of the Senator.

Mr. LONG. It is none the less a semiofficial publication, and none the less it proves, beyond question of doubt, that after Bolivia in 1843 recognized this territory as belonging to Paraguay, following that, their foreign minister said that he was undertaking to negotiate for a right of ingress and egress over this very territory, which, by his own communication, he says belongs to Paraguay.

In other words, they were engaged, according to him, in undertaking to get an outlet to the navigable waters of the Paraguay and Parana Rivers through the territory of Paraguay, the title to which he himself, by his own statement, said had to come from the Paraguayan Government, as well as the title to egress over other rivers on toward the Atlantic had to come from the Brazilian Government and from the Argentine Government. That kind of communication was issued and heralded to the world for as long as 90 years, and still stood uncontested, until finally there were developed valuable oil deposits down in that territory, upon which discovery immediately Bolivia hastened there our Standard Oil Co., which had been able to make it possible for the Bolivian Government to be accommodated with enormous loans. Immediately it became "an American interest", it is a Standard Oil interest that is today stirring up that trouble and renouncing the award made of that territory by the United States through the President of the United States. The award of Rutherford B. Hayes was issued over the seal of the United States of America. The United States of America, through its President, accepted the appointment as umpire, and that appointment and the award made stood until it was brought into dispute as the result of the agitation fomented through the Standard Oil Co. undertaking to get valuable oil territory and other valuable concessions in the Chaco territory; they could not get such through Paraguay, because the Paraguayan Government, apparently, was not so corruptible as was the Bolivian Government.

There are the documents, every one of them. They cannot be disputed; they cannot be denied. The territorial limits are there set forth, awarded, and conceded to Paraguay. There is no way on earth for them to be questioned. There is nothing to be said except that, the United States Government having awarded the territory to Paraguay, the Bolivian Government recognized the award, as did the Argentine Government, the Brazilian Government, and the Uruguayan Government, which were also bound by that award. Bolivia has now repudiated that award, and fire and flame have burst upon the hemisphere of South America as the result of the criminal, murderous tactics of the Standard Oil Co. of the United States taking titles through Bolivia and thus making a scrap of paper out of the award made by the Government of the United States. That is all there is to it.

It is said that we will bar the sale of arms down there. There is only one way we will ever bar the Standard Oil Co. from having arms, and that is for the United States Government to seize this criminal, this culprit, this murderer, the Standard Oil Co. of which I am speaking; the throat of that outlaw we have christened should be seized while we say to them, "You domestic murderer, you foreign murderer, you international conspirator, you set of rapacious thieves and robbers, who have defied the award made under the flag of the United States and who claim existence under its laws, you thieves, you vandals on this continent, stay out of South America whenever the flag of the United States Government attests an award which must be flaunted to justify your aggression!

This Standard Oil Co. is financing the Chaco war, hoping to get two million four hundred and some odd thousand

acres of territory which they are exploiting down there today, striving for the right to make their way across that land which has been awarded by the United States to Paraguay and conceded by the other interested countries to Paraguay. And the United States is standing "blissfully neutral" while its favored thief, its favored murderer, goes to take advantage of that poor little race of people, of whom there are but 850,000 left, with tens of thousands in their graves. "Blissfully neutral" is this country that awarded that territory to that valiant little race of people, who are now opposed by the finances and resources of this leading giant of criminality, rapacity, and murder! It has not been satisfied with the murder it has done in America; and God knows it has done enough in the United States. It has done enough of that kind of acts in the United States not to go down and involve us in South America. Take the record of this outfit in Colorado. That is black enough. Take its record in Texas, and that is black enough. Take its record in Louisiana, and that is black enough. Take its record in Pennsylvania, and that is black enough.

Take the record it made when it tied up the railroads of the United States of America by forcing an agreement of the railroads not only to give it a rebate on oil of its own which was hauled, but a rebate out of the oil shipped over the railroads by its competitors. That was black enough. But to allow it to assert its sovereignty under the flag of the United States and to take American finances and American sanction and go into a foreign land in order that it may renounce the awards made under the sovereignty of the United States is entirely too black a record to permit it to make. It is beyond the understanding of all sensible reason that it should be allowed to do that kind of thing in that territory today.

It can make a reply, using one of the Bolivian ministers to write a letter to me telling me that I do not understand why they are doing this and that, but here are their declarations in which they say they are not paying any attention to the Hayes award and that they are taking the very territory Hayes gave to Paraguay. No one need be misled. The facts are too clear to admit of any misunderstanding. The question is whether the United States Government will stand for such a flaunt or whether it will do what it ought to do—call its own culprits back and require that they cease intermeddling in foreign affairs.

[From the Washington Evening Star, May 31, 1934]

BOLIVIA APPEALS FOR LEAGUE'S AID—TWO ARTICLES OF COVENANT ARE INVOKED TO END WAR IN CHACO

GENEVA, May 31.—Bolivia appealed to the League of Nations under two articles of the Covenant today to end its war with Paraguay in the Chaco.

This development came at the end of a League Council meeting after representatives of both nations had spoken to the assembled members.

First, Costa Durels, Bolivian delegate, invoked article 13, whereby disputing nations may ask arbitration.

He was answered by Caballero Bedoya, Paraguayan representative, who said: "We cannot allow arbitration to be a snare for the nation's good faith."

Then Costa Durels appealed for a settlement of the dispute under article 15, which authorizes the Council to make recommendations for the settlement of disputes without the vote of the disputants.

AUTHORIZES REPORT

The latter article is a step preceding the possible application of military measures against an aggressor nation. It authorizes the Council to publish a report of the dispute.

If the Council unanimously agrees on its recommendations, the members of the League undertake that they will not go to war with any party to the dispute which complies with the recommendation.

The Bolivian representative announced that his nation was forced to resort to article 15, declaring that Paraguay had failed utterly to bring any hopeful contribution to a plan of settlement.

He said that, on the contrary, the Paraguayan representative had destroyed all hope of regulating the dispute under processes of mediation.

Earlier in the session he insisted that the proposed international arms embargo would mean the "finish" of Bolivia. He charged that Paraguay has a munitions factory.

Durels proposed that the war no longer be treated under the mediation article of the Covenant, but be passed to the arbitral clause, which means that if his demand is granted the dispute will automatically go to the World Court of Permanent Justice for settlement.

INSISTS ON INQUIRY

Attacking the proposed munitions embargo against the warring nations, which the United States has already approved, Durels insisted an inquiry to determine the responsibility for the war should be held first.

Paraguay, he said, in addition to having a munitions factory, would always be able to obtain arms and ammunition by river shipments, whereas Bolivia, isolated from any port, would be unable to do so.

As the session opened Bolivian communications charging that Paraguay was preparing for chemical warfare and that Bolivian prisoners were being murdered were distributed.

After a survey of the history of the Chaco War and a brief allusion to it as "a war of oil", the Bolivian representative said the fundamental claim of Bolivia is the right to possess the so-called "Hayes Zone"—the arbitral division of the Chaco by President Hayes of the United States in 1879.

INSISTS ON COMPENSATORY AWARD

Costa Durels declared Bolivia was not able to recognize the justice of President Hayes' decision and, at all events, Bolivia insisted upon some compensatory award in connection with the allocation of various sections of the Chaco to Paraguay and Bolivia since, he contended, Bolivia had the right to the whole Gran Chaco.

Caballero Bedoya, the Paraguayan representative, replied mildly, denying that Paraguay possessed a munitions factory or resources for the manufacture of war material.

"Paraguay", he asserted, "seeks an immediate and final settlement of the conflict, but, as Edouard Herriot (Vice Premier of France) said, we cannot allow arbitration to be a snare for the nation's good faith."

He added that Paraguay was unable to accept a treaty of peace unless it is accompanied by serious guarantees of solid measures of security.

EXHIBIT A

STANDARD OIL CO. INTERESTS IN BOLIVIA

At the request of this Bureau the Standard Oil Co. of Bolivia has furnished the following report of its activities:

According to clause 16 of the contract between the Standard Oil Co. of Bolivia and the Supreme Government, signed July 27, 1922, the company was obligated to drill, within 7 years, beginning on the date the contract was signed, one well for every 50,000 hectares of the concession, i.e., 20 wells for the 1,000,000 hectares, to which the company hoped to reduce the area of its concessions.

Accordingly, the company did consolidate the area of its concessions, drilling, before July 27, 1929, the 20 wells shown in the following table:

| Name of well | Department | Province | Result |
|------------------------|-----------------|-----------------|----------------|
| Bermejo No. 1..... | Tarija..... | Arce..... | Dry. |
| Bermejo No. 2..... | do..... | do..... | Oil. |
| Bermejo No. 3..... | do..... | do..... | Abandoned. |
| Bermejo No. 4..... | do..... | do..... | Do. |
| Bermejo No. 5..... | do..... | do..... | Oil. |
| Bermejo No. 6..... | do..... | do..... | Oil. |
| San Telmo No. 1..... | do..... | do..... | Trace. |
| Sanandita No. 1..... | do..... | Gran Chaco..... | Oil. |
| Sanandita No. 2..... | do..... | do..... | Do. |
| Sanandita No. 3..... | do..... | do..... | Evidences. |
| Sanandita No. 5..... | do..... | do..... | Do. |
| Saipuriu No. 1..... | Santa Cruz..... | Cordillera..... | Trace. |
| Saipuriu No. 2..... | do..... | do..... | Do. |
| Cambelti No. 1..... | do..... | do..... | Dry. |
| Cuariri No. 1..... | do..... | do..... | Do. |
| Talarenda No. 1..... | do..... | do..... | Oil. |
| Camiri No. 1..... | do..... | do..... | Do. |
| Camiri No. 2..... | do..... | do..... | Abandoned. |
| Camatindi No. 1..... | do..... | do..... | Oil. |
| Buena Vista No. 1..... | Chuquisaca..... | Azero..... | Water and gas. |
| Machareti No. 1..... | do..... | do..... | |

Total, 21 wells.

Since July 1929 drilling has continued or been started on the following 9 wells:

| Name of well | Department | Province | Result |
|-----------------------|-----------------|-----------------|-----------|
| Bermejo No. 7..... | Tarija..... | Arce..... | Drilling. |
| Bermejo No. 8..... | do..... | do..... | Do. |
| Bermejo No. 9..... | do..... | do..... | Do. |
| Sanandita No. 4..... | do..... | Gran Chaco..... | |
| Caigua No. 1..... | do..... | do..... | Do. |
| Camiru No. 3..... | Santa Cruz..... | Cordillera..... | Do. |
| Camridindi No. 2..... | do..... | do..... | Do. |
| Camridindi No. 3..... | do..... | do..... | Do. |
| Machareti No. 2..... | Chuquisaca..... | Azero..... | Do. |

On June 30, 1930, the company concluded the steps for the conclusion, under the regimen of its contract, of all its concessions, under ownership, renouncing, to this effect, all of its property rights in favor of the State.

The total area of its parcels and concessions, governed by the contract of July 27, 1922, reaches 999,228 hectares, which, as will

be seen, does not exceed the million fixed by the contract, the details being as follows:

| Concession | Chart (Ed. Bol.) | Area |
|----------------------------|---------------------|-----------|
| | | Hectares |
| Lot 1..... | 353 | 40,614 |
| Lot 1A..... | 534 | 2,018 |
| Lot 2..... | 780 | 89,838 |
| Lot 3..... | 537 | 3,609 |
| Lot 4..... | 242 | 181 |
| Lot 5..... | 243 | 265 |
| Lot 6..... | 538 | 13,936 |
| Lot 7..... | 791 | 4, 65 |
| Lot 8..... | 770 | 10,805 |
| Lot 9..... | 541 | 55,222 |
| Lot 10..... | 787 | 20,860 |
| Lot 11..... | 782 | 18,035 |
| Lot 12..... | 786 | 16,715 |
| Lot 13..... | 251 | 9,334 |
| Lot 14..... | 252 | 32,960 |
| Lot 16..... | 545 | 2,514 |
| Lot 17..... | 546 | 10,053 |
| Lot 18..... | 547 | 2,245 |
| Lot 19..... | 257 | 668 |
| Lot 20..... | 258 | 6,477 |
| Lot 21..... | 548 | 2,609 |
| Lot 22..... | 549 | 429 |
| Lot 24..... | 550 | 2,987 |
| Lot 25..... | 788 | 41,040 |
| Lot 26..... | 552 | 21,078 |
| Lot 27..... | 818 | 48,481 |
| Lot 27A..... | 554 | 11,563 |
| Lot 28..... | 657 | 30,525 |
| Lot 29..... | 509 | 28,375 |
| Lot 30..... | 577 | 7,899 |
| Lot 31..... | 558 | 13,172 |
| Lot 34..... | 559 | 5,691 |
| Lot 35..... | 560 | 12,360 |
| Lot 36..... | 561 | 7,087 |
| Lot 37..... | 761 | 5,631 |
| Lagunillas..... | 532 | 69,206 |
| Bonaparte..... | 530 | 67,662 |
| Damasias 9..... | 276 | 30,711 |
| Pirapo..... | 556 | 25,914 |
| Casablanca..... | 277 | 16,064 |
| Pioneer..... | 275 | 19,991 |
| Progreso Boliviano..... | 655 | 20,109 |
| Canalajes..... | 526 | 3,001 |
| Parapeti..... | 531 | 64,945 |
| Tacuru..... | 524 | 53,478 |
| Avacucho..... | 523 | 12,675 |
| Matilde..... | 789 | 5,632 |
| Edelmira..... | 817 | 4,602 |
| Blanca Vilda..... | 815 | 11,780 |
| Pilgrim's Progress..... | 525 | 308 |
| San Jorge Tarija..... | 774 | 2,231 |
| San Jorge Chuquissaca..... | 720 | 11,695 |
| 6 de Agosto..... | 724 | 372 |
| 25 de Mayo..... | 779 | 2,532 |
| Auxiliadora..... | 654 | 1,944 |
| Vitiacua..... | 652 | 32 |
| Camperi..... | 809 | 4,803 |
| Total..... | | 1,999,228 |

¹ Total acres, 2,418,131.76.

ROADS

The company maintains constantly the main road from Yaculba to the north to its farthest operations. Besides, it has built first-class roads to all its settlements in Bermejo, Camatindi, Camiri, Machereti, Sanandita, etc.

Having located a new settlement in the Caigua Canyon, where drilling has been started on the first well, it was necessary to build an exceedingly difficult and costly road. The 9 kilometers of this road, from the main road that goes to Villa Montes, run through the chasm of Caigua and parallel to the same canyon.

There are 850 meters of tunnel, in all, to be built for its final conclusion.

TAXES

Oil taxes paid by Standard Oil Co. of Bolivia, during the year 1929, were as follows:

| | |
|--|------------|
| 2½ cents per hectare, 1,000,000 hectares of its contract of June 27, 1932..... | Bolivianos |
| On sundry concessions, owned..... | 25,000.00 |
| | 1,397.53 |
| | 26,397.53 |

During the year 1930:

| | |
|--|------------|
| 10 cents per hectare on 1,000,000 hectares, as per contract of July 27, 1932..... | 100,000.00 |
| On sundry concessions, owned, incorporated to the 1,000,000 hectares of July 30, 1930..... | 1,944.43 |

101,944.43

The Standard Oil must pay in 1931, 150,000 bolivianos as taxes on the 1,000,000 hectares, as per its contract.

PERSONNEL

The personnel employed in the offices of Standard Oil, including laborers (peons), drilling mechanics, etc., on the fields, ranges from 900 to 1,000.

INVESTMENTS

The investments of the company as on August 31, 1930, is as follows:

| | |
|---|---------------|
| Investment in concessions..... | 20,297,106.41 |
| Investment in properties (finished wells)..... | 13,688,349.53 |
| Investment in equipment, camps, furniture, and tools..... | 125,475.90 |
| Material and drilling machinery..... | 7,610,243.60 |
| Investment in refinery..... | 91,751.24 |
| Unfinished construction..... | 6,153,178.44 |
| Roads..... | 1,031,540.43 |
| General development..... | 4,955,490.84 |
| Unsettled accounts..... | 257,688.29 |

Total..... 54,210,834.68

Report of the General Bureau of Mines and Petroleum, 1930. La Paz, Bolivia. Antenea Printing Office, Crespi Hnos., Comercio Street 404. 1931. Pages, 48 et seq.

[At this point Mr. Long yielded the floor for the day.]

Friday, June 8, 1934

Mr. LONG. Mr. President, I have been informed that the necessary authority has been granted for the printing of the map I presented yesterday, and, though I had intended to discuss the matter further today, in view of the desire to consider a motion in executive session, I will let the record stand as I have made it.

ADDITIONAL REPORTS OF A COMMITTEE

Mr. CONNALLY, from the Committee on Public Buildings and Grounds, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H.R. 8514. An act authorizing the Secretary of the Treasury to convey a part of the post-office site in San Antonio, Tex., to the city of San Antonio, Tex., for street purposes, in exchange for land for the benefit of the Government property (Rept. No. 1345); and

H.R. 8909. An act to authorize the Secretary of the Treasury to amend the contract for sale of post-office building and site at Findlay, Ohio (Rept. No. 1346).

ADDITIONAL BILL INTRODUCED

Mr. JOHNSON introduced a bill (S. 3772) to amend an act entitled "An act for the relief of Arabella E. Bodkin", approved May 21, 1934, which was read twice by its title and referred to the Committee on Claims.

EXPENSES OF FORMULATING CLAIMS OF KIOWA, COMANCHE, AND APACHE INDIANS OF OKLAHOMA

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 74) to authorize payment of expenses of formulating claims of the Kiowa, Comanche, and Apache Indians of Oklahoma against the United States, and for other purposes, which was, on page 1, line 3, to strike out "appropriated" and insert "expended."

Mr. THOMAS of Oklahoma. Mr. President, I move that the Senate concur in the House amendment.

The motion was agreed to.

TOLL BRIDGE ACROSS COLUMBIA RIVER, OREG.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 3502) authorizing the Oregon-Washington Bridge Commission to construct, maintain, and operate a toll bridge across the Columbia River at or near Astoria, Oreg., which were to strike out all after the enacting clause and insert:

That in order to promote interstate commerce, improve the postal service, and provide for military and other purposes, Guy Boyington, judge of the county court of Clatsop County, Oreg., and his successors in office, J. C. Ten Brook, mayor of the city of Astoria, Oreg., and his successors in office, and L. D. Williams, chairman of the Board of County Commissioners of Pacific County, Wash., and his successors in office, all as trustees, are hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the Columbia River, at a point suitable to the interests of navigation, at Astoria, Clatsop County, Oreg., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act; and said trustees shall own and hold said bridge in trust for Clatsop County, Oreg., Pacific County, Wash., and the city of Astoria, Oreg.; said trustees being

known as and functioning as the Oregon-Washington Bridge Board of Trustees, and serving without compensation. Said board of trustees is hereby granted the right to assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act.

SEC. 2. There is hereby conferred upon said board of trustees all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said board of trustees is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including reasonable interest and financing cost, as soon as possible, under reasonable charges, but within a period of not to exceed 25 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the cost of the bridge and its approaches; the expenditures for maintaining, repairing, and operating the same; and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

Amend the title so as to read: "An act authorizing the Oregon-Washington Bridge board of trustees to construct, maintain, and operate a toll bridge across the Columbia River at Astoria, Clatsop County, Oreg."

Mr. McNARY. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

BRIDGE ACROSS COLUMBIA RIVER, WASH.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3615) authorizing the county of Wahkiakum, a legal political subdivision of the State of Washington, to construct, maintain, and operate a bridge and approaches thereto across the Columbia River between Puget Island and the mainland, Cathlamet, State of Washington, which was, on page 1, line 6, after the article "a" to insert "free highway."

Mr. DILL. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

JOHN P. LEONARD—CONFERENCE REPORT

Mr. SHEPPARD submitted a report, which was ordered to lie on the table, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 541) for the relief of John P. Leonard having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

MORRIS SHEPPARD,
M. M. LOGAN,
ROBERT D. CAREY,

Managers on the part of the Senate.

LISTER HILL,
E. W. GOSS,

Managers on the part of the House.

WILLIAM G. BURRESS, DECEASED—CONFERENCE REPORT

Mr. SHEPPARD submitted a report, which was ordered to lie on the table, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2439) for the relief of William G. Burress, deceased, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

MORRIS SHEPPARD,
M. M. LOGAN,
ROBERT D. CAREY,

Managers on the part of the Senate.

LISTER HILL,
E. W. GOSS,

Managers on the part of the House.

PAUL JELNA—CONFERENCE REPORT

Mr. SHEPPARD submitted a report, which was ordered to lie on the table, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3032) for the relief of Paul Jelna, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

MORRIS SHEPPARD,
M. M. LOGAN,
ROBERT D. CAREY,

Managers on the part of the Senate.

LISTER HILL,
E. W. GOSS,

Managers on the part of the House.

REGULATION OF COMMUNICATIONS BY WIRE OR RADIO—CONFERENCE REPORT

Mr. DILL. I submit a conference report on Senate bill 3285, the communications bill, and ask that it lie on the table. I hope to call it up tomorrow.

(For conference report see House proceedings, p. 10969.)

FORT DOUGLAS MILITARY RESERVATION, UTAH

Mr. THOMAS of Utah. Mr. President, I ask unanimous consent for the immediate consideration of Calendar No. 1337, being the bill (S. 3618) to grant a portion of the Fort Douglas Military Reservation to the University of Utah, Salt Lake City, Utah.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah?

There being no objection, the Senate proceeded to consider the bill (S. 3618) to grant a portion of the Fort Douglas Military Reservation to the University of Utah, Salt Lake City, Utah, which had been reported from the Committee on Military Affairs with an amendment, on page 3, to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That there is hereby granted to the University of Utah the following-described land, lying within the United States Fort Douglas Military Reservation and adjacent to the site of said university in the State of Utah, namely: Beginning at the United States Government stone monument at the northeast corner of the University of Utah campus; thence running south along the west boundary of the United States Fort Douglas Military Reservation 2,632 feet, more or less, to the north line of Salt Lake City Reservoir site; thence east along said north line of said reservoir site 715 feet; thence in a southeasterly direction 480 feet, more or less, along the boundary of said reservoir site to the southeast corner of said reservoir site; thence east 100 feet; thence north on a line 965 feet from and parallel to the west boundary of the United States Fort Douglas Military Reservation 3,144 feet, more or less, to a point which is 965 feet east and 50 feet north of the point of beginning; thence west 1,120 feet to the west boundary of the United States Fort Douglas Military Reservation; thence south 50 feet; thence east 155 feet to the point of beginning.

SEC. 2. That any and all right, title, or interest which the United States now has in and to the above-described land, be, and the same hereby are, released and granted to and vested in the State of Utah and the University of Utah, and this act shall be deemed a conveyance in fee simple of the said land: *Provided,* That the State of Utah or the University of Utah shall improve the said property and maintain the same for university purposes, and not otherwise, and that in case said land shall be abandoned by the State or the University of Utah for said purposes the said

land and all improvements thereon shall revert to the United States: *Provided further*, That the State of Utah or the University of Utah shall construct within 3 years and perpetually maintain a roadway along the eastern boundary of the above-described land hereby granted to the State of Utah and the University of Utah: *Provided further*, That the grant of said land shall in no manner carry with it any right or title in or to any portion of the waters of the Red Butte Canyon Creek: *And provided further*, That there is reserved to the United States the perpetual right to maintain, alter, rebuild, and enlarge the sewer which runs from the Fort Douglas Military Post across said tract of land, or to construct, and maintain a new sewer system across the same, should it be or become desirable to do so: *And provided further*, That there is reserved to Salt Lake City, a municipal corporation organized and existing under the laws of the State of Utah, a perpetual easement and right-of-way for the operation, maintenance, repair, and renewal of the conduit and pipe line as now constructed over and upon the Fort Douglas Military Reservation in said State, the same being connected with the water-supply system of the said city; and also for the construction, operation, maintenance, repair, and renewal of all valve houses which may be deemed necessary in connection with said pipe line: *And provided further*, That the University of Utah shall erect and maintain a suitable fence between the military reservation and the tract granted.

Mr. McNARY. Mr. President, will the Senator from Utah make a brief statement as to the purpose of the bill?

Mr. THOMAS of Utah. Mr. President, the bill provides for granting to the University of Utah a strip of land of about a thousand feet which is no longer of use to the military reservation. The bill has the approval of the War Department, the Secretary of War, the Bureau of the Budget, and also has the approval of the Committee on Military Affairs.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PUBLIC-PARK LANDS, SOUTH DAKOTA

Mr. NORBECK. Mr. President, from the Committee on Public Lands and Surveys I report back favorably without amendment the bill (S. 3741) to convey certain lands to the State of South Dakota for public-park purposes, and for other purposes, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Dakota?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Whereas it has been the policy of the United States to set aside and maintain for public-park purposes areas of the public domain having striking and unusual scenic features and which are more valuable for park than commercial purposes; and

Whereas the State of South Dakota is the only State in the Union that has set aside and maintained as a public park an area which, in point of scenic beauty, unusual features, size, and development, compares favorably with the better class of national parks; and

Whereas said park contains 60,000 acres which are owned by the State of South Dakota, but which are exclusively devoted to the use and benefit of all the people of the United States without discrimination, but which are separated into two areas by intervening national-forest lands; and

Whereas the procurement of additional lands is necessary to consolidate and enlarge said park into an ideal park unit of approximately 100,000 acres, which the State of South Dakota agrees to maintain in perpetuity for public-park purposes; and

Whereas said State has expended \$300,000 in the construction of highways through forest lands now attached to said park for game purposes without material contribution from the United States; and

Whereas division of administration and control is not conducive to a proper and ideal development of the area as a public playground and recreational region: Therefore

Be it enacted, etc., That upon the conditions hereinafter set out there be, and is hereby, granted and conveyed to the State of South Dakota for public-park purposes the publicly owned forest and other lands included in the following Presidential proclamations, with certain exceptions hereinafter referred to, aggregating approximately 40,600 acres, to wit:

(a) The proclamation of the President of October 9, 1920 (41 Stat. 1805), made in pursuance of the act of June 5, 1920 (41 Stat. 986), covering the following-described land:

In township 2 south, range 4 east, Black Hills meridian, all of those parts of sections 22 and 27 lying east of the right-of-way of the Chicago, Burlington & Quincy Railroad, north half section 35, sections 23, 24, 25, 26, and 36; in township 2 south, range 5

east, Black Hills meridian; south half sections 7, 8, 9, 10, 11, and 12, all of sections 13 to 36, inclusive; in township 2 south, range 6 east, Black Hills meridian; south half sections 7 and 20, southwest quarter section 21; west half sections 28 and 33; all of sections 18, 19, 29, 30, 31, and 32; in township 3 south, range 5 east, Black Hills meridian; sections 3, 4, 5, and 6.

(b) The proclamation of the President of January 8, 1925 (43 Stat. 1981), made in pursuance of the act of June 7, 1924 (43 Stat. 632), covering the following-described land:

East half section 13, township 2 south, range 4 east; south half sections 2, 3, 4, and 5, and the north half sections 8, 9, 10, 11, and 12, township 2 south, range 5 east; north half section 7, section 8, south half section 9, section 16, section 17, north half section 20, north half and southeast quarter section 21, west half section 27, east half section 28, east half section 33, section 34, and west half section 35, township 2 south, range 6 east; north half section 1, township 3 south, range 4 east; southeast quarter southeast quarter section 21 south half section 22, north half north half section 27, township 3 south, range 5 east; sections 1, 2, 11, 12, 13, 14, 23, 24, 25, and 26, township 5 south, range 5 east all of the Black Hills meridian, except the east half of southwest quarter, and the southeast quarter of section 26, and south half of section 25, township 5 south, range 5 east; north half of section 7, north half of section 8, south half of section 9, all of section 16, and north half of section 21 township 2 south, range 6 east, Black Hills meridian.

(c) The proclamation of the President of January 14, 1929 (45 Stat. 2985), made in pursuance of the act of June 7, 1925 (43 Stat. 632), covering the following-described land:

South half section 21, north half north half section 28, township 3 south, range 5 east, Black Hills meridian.

(d) All the above-described lands, when conveyed, are to be and become a part of the enlarged Custer State Park in the State of South Dakota. The grant and conveyance herein provided for shall be conditioned upon (1) the perpetual use of all the lands herein conveyed for park purposes by the State of South Dakota; (2) the said State maintaining in perpetuity for park purposes not less than 100,000 acres to be comprised of the present Custer State Park and the lands herein conveyed: *Provided*, That this grant shall not include any land which on the date of the approval of this act is covered by any existing bona fide right or claim under the laws of the United States, unless and until such right or claim is relinquished or extinguished.

(e) The State of South Dakota shall have the right to acquire by contest, relinquishment, or purchase any valid mining or other claim now existing therein.

Sec. 2. That existing contracts entered into by the United States Forest Service for the cutting of timber upon the lands described in section 1 shall remain in full force and effect and shall be carried out and administered by said Service under the direction of the Secretary of Agriculture.

Timbering as carried on by the United States Forestry Service, under existing regulations, may be continued by the Department of Agriculture within the areas above described after such lands are formally transferred to the State of South Dakota, but no contract for the cutting of timber shall be made which will permit the removal of timber after the expiration of 7 years from effective date of this act: *Provided*, That the scenic beauty along highways and trails shall be preserved, and no timber adjacent thereto shall be cut without the consent of the State of South Dakota.

Sec. 3. That such special-use permits as are in force at the time of the actual transfer of the above-described lands to the State of South Dakota covering cabin sites upon which substantial improvements have been made shall continue in force so long as such sites shall be used by the permittees then occupying the same for the purposes and in the manner specified in such permits, subject to such reasonable annual fees, rules, and regulations as the State of South Dakota may impose.

Sec. 4. The United States reserves all coal, oil, gas, or other minerals in the lands conveyed under this act with the right, in case any of the conveyed lands are found by the Secretary of the Interior to be more valuable for minerals therein than for park purposes, to provide by special legislation for the disposition and extraction of the coal, oil, gas, or other minerals therein: *Provided*, That in passing such legislation due regard shall be had for the rights of the State of South Dakota in the premises.

Sec. 5. In the event of the failure on the part of the State of South Dakota to maintain the above-described lands for public-park purposes the title to the lands granted by this act shall revert to the United States, and the Secretary of Agriculture and the Secretary of the Interior are hereby authorized to determine the facts and report to the President, who may then declare a forfeiture and reversion, whereupon such lands shall be restored to the public domain.

Sec. 6. That the State of South Dakota shall cut no timber in the Rushmore Reservation, within which the National Rushmore Memorial is located, but shall maintain the same in its natural state and in its present wilderness condition and protect it against forest fires. The Rushmore Reservation contains 1,420 acres and is described as follows:

In township 2 south, range 6 east, Black Hills meridian, the northwest quarter southeast quarter and north half southwest quarter section 8, the south half and the southwest quarter northwest quarter section 7, the northwest quarter and west half southwest quarter and northeast quarter southwest quarter and west half northeast quarter section 18, the west half northwest quarter and southwest quarter northeast quarter northwest quarter and northwest quarter southeast quarter northwest quarter section 19; in township 2 south, range 5 east, Black Hills meridian,

the east half southeast quarter and southeast quarter northeast quarter section 12, the northeast quarter and north half southeast quarter and southeast quarter southeast quarter section 13 and east half northeast quarter section 24.

SEC. 7. That the grant and conveyance of the lands described herein from the United States to the State of South Dakota shall become effective when the conditions herein are accepted by the State of South Dakota. The President shall then issue a proclamation declaring that the conditions precedent herein required have been complied with, whereupon said conveyance shall be and become complete, subject to the conditions provided in this act.

The preamble was agreed to.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1358. An act to provide for the improvement of approaches to the National Cemetery and the Confederate Cemetery at Fayetteville, Ark.;

S. 3041. An act to effectuate the purpose of certain statutes concerning rates of pay for labor by making it unlawful to prevent anyone from receiving the compensation contracted for thereunder, and for other purposes;

S. 3211. An act to extend the times for commencing and completing the construction of a bridge across the Chesapeake Bay between Baltimore and Kent Counties, Md.;

S. 3540. An act to amend section 32 of the Emergency Farm Mortgage Act of 1933;

S. 3640. An act granting the consent of Congress to the Tensas Basin Levee Board of the State of Louisiana to construct, maintain, and operate a free highway bridge across Bayou Bartholomew at or near its mouth in Morehouse Parish, La.;

H.R. 3214. An act to compensate the Post Office Department for the extra work caused by the payment of money orders at offices other than those on which the orders are drawn;

H.R. 5334. An act to amend the third clause of section 14 of the act of March 3, 1879 (20 Stat. 359; U.S.C., title 39, sec. 226);

H.R. 6675. An act to authorize the acknowledgment of oaths by post-office inspectors and by chief clerks of the Railway Mail Service;

H.R. 7082. An act validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way in and in the vicinity of the city of Lodi, and near the station of Acampo, and in the city of Tracy, all in the county of San Joaquin, State of California, and in or in the vicinity of Galt and Polk, in the county of Sacramento, State of California, acquired by Central Pacific Railway Co. under the act of Congress approved July 1, 1862 (12 Stat.L. 489), as amended by the act of Congress approved July 2, 1864 (13 Stat.L. 356);

H.R. 7098. An act validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way in and in the vicinity of the town of Gridley, all in the county of Butte, State of California, acquired by Central Pacific Railway Co. under the act of Congress approved July 25, 1866 (14 Stat.L. 239);

H.R. 7213. An act to provide hourly rates of pay for substitute laborers in the Railway Mail Service and time credits when appointed as regular laborer;

H.R. 7317. An act to provide for the final construction, on behalf of the United States, of postal treaties or conventions to which the United States is a party; and

H.R. 7711. An act to permit postmasters to act as disbursing officers for the payment of traveling expenses of officers and employees of the Postal Service.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER laid before the Senate a message from the President of the United States submitting sundry nominations in the Army, which were referred to the Committee on Military Affairs.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. STEPHENS, from the Committee on Commerce, reported favorably the nomination of Eugene Carlson, of Virginia, to be supervising inspector, Bureau of Navigation and Steamboat Inspection.

He also, from the Committee on the Judiciary, reported favorably the following nominations:

William F. Burguson, of South Carolina, to be United States marshal, eastern district of South Carolina, to succeed Allen B. Kale, resigned.

Reuben Gosnell, of South Carolina, to be United States marshal, western district of South Carolina, to succeed Arthur N. Sifford, appointed by court.

Frank K. Myers, of South Carolina, to be United States district judge, eastern district of South Carolina, to succeed Ernest F. Cochran, deceased.

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of Joseph R. Jackson, of New York, to be Assistant Attorney General, Customs Division, to succeed Charles D. Lawrence, resigned.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nomination of Col. Percy Poe Bishop, Coast Artillery Corps, to be brigadier general in the Regular Army from October 2, 1934, vice Brig. Gen. Julian R. Lindsey, to be retired from active service September 30, 1934.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, reported favorably the nomination of Arthur A. Greene, of Hawaii, to be secretary of the Territory of Hawaii, vice Raymond C. Brown.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the calendar.

THE CALENDAR

COMMISSIONER OF EDUCATION

The PRESIDING OFFICER. The calendar is in order.

The Chief Clerk read the nomination of John Ward Studebaker, of Iowa, to be Commissioner of Education.

Mr. ROBINSON of Arkansas. Mr. President, I understand the Senator from Iowa [Mr. MURPHY] desires to be present when the nomination is considered. Let it be passed over for the present.

The PRESIDING OFFICER. The nomination will be passed over.

THE JUDICIARY

The Chief Clerk read the nomination of Fred A. Isgrig to be United States attorney for the eastern district of Arkansas.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Virgil Petty to be United States marshal for the eastern district of Arkansas.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, I ask unanimous consent that nomination of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered. That concludes the calendar.

NOMINATION OF REXFORD G. TUGWELL—MOTION TO DISCHARGE

Mr. ROBINSON of Arkansas. Mr. President, I ask the Senate to proceed to the consideration of the motion to dis-

charge the Committee on Agriculture and Forestry from further consideration of the nomination of Rexford Guy Tugwell to be Under Secretary of Agriculture.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Arkansas.

Mr. SMITH. Mr. President, I think this question is of sufficient importance to make desirable as full an attendance as it is possible to have. I should like to have the roll called so that my colleagues on both sides of the aisle may be present when the matter is discussed. Therefore I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

| | | | |
|----------|-------------|-------------|----------------|
| Adams | Costigan | Kean | Robinson, Ark. |
| Ashurst | Couzens | King | Robinson, Ind. |
| Austin | Cutting | La Follette | Russell |
| Bachman | Davis | Lewis | Schall |
| Bailey | Dickinson | Logan | Sheppard |
| Bankhead | Dieterich | Loneragan | Shipstead |
| Barkley | Dill | Long | Smith |
| Black | Erickson | McCarran | Steiwer |
| Bone | Fess | McGill | Stephens |
| Borah | Fletcher | McKellar | Thomas, Okla. |
| Brown | Frazier | McNary | Thomas, Utah |
| Bulkley | George | Murphy | Thompson |
| Bulow | Gibson | Neely | Townsend |
| Byrd | Glass | Norbeck | Tydings |
| Byrnes | Goldsbrough | Norris | Vandenberg |
| Capper | Gore | Nye | Wagner |
| Caraway | Hale | O'Mahoney | Walcott |
| Carey | Harrison | Overton | Walsh |
| Clark | Hatch | Patterson | Wheeler |
| Connally | Hatfield | Pittman | White |
| Coolidge | Hayden | Pope | |
| Copeland | Johnson | Reynolds | |

Mr. LEWIS. I regret to announce that the Senator from California [Mr. McAdool] is detained from the Senate by illness.

I also desire to announce that the Senator from Wisconsin [Mr. DUFFY], the Senator from Florida [Mr. TRAMMELL], and the Senator from Indiana [Mr. VAN NUYS] are unavoidably detained.

The VICE PRESIDENT. Eighty-six Senators having answered to their names, a quorum is present.

Mr. SMITH. Mr. President, this matter has assumed such a phase that I think it my duty, as Chairman of the Committee on Agriculture and Forestry of the Senate, to review the facts and then let my colleagues decide whether or not this procedure is the proper one.

Some time in the late winter or early spring there was sent to me by the Secretary of Agriculture a joint resolution proposing the creation of the position of Under Secretary of Agriculture. It was accompanied by an explanation of why he wanted this additional official.

I will state here and now, so that it need not be repeated, that having been associated with that Department since I have been in the Senate—for 25 years—I did not think an Under Secretary was necessary. Of course, that was my own personal opinion, but I intended to submit the matter to my committee, as it was my duty to do. I not only did not think an Under Secretary was necessary but I did not like the idea of America aping certain procedures of Great Britain.

However, we had a vast accumulation of very important legislation. I called the committee together from time to time, as every member here will testify. The matter was not long delayed; but I had expressed myself unofficially to certain individuals who were interested, as I have already expressed myself here, to the effect that I did not think an Under Secretary was necessary, especially in view of the fact that the Secretary of Agriculture had informed me that the appropriation for that Department had been considerably decreased, and functions which theretofore had been discharged by it had been turned over to other departments. That statement confirmed my belief that an Under Secretary was not needed.

Before I had time to lay the proposal before my committee, however, unless I had precipitately done so, I found that it had been handed to another committee, I believe the Committee on Appropriations, and had been introduced as an amendment or a rider to a bill that was handled by this

other, foreign committee, and that the bill had been passed and signed by the President before a single member of my committee, save one, knew a thing about the inclusion in the bill of this amendment.

Mr. President, the matter of creating the office of Under Secretary—who, according to the functions he was to discharge, was to be tantamount to another Secretary of Agriculture—was taken in charge and passed upon by another committee than the committee having jurisdiction of it, and passed the Senate at a time of which I was totally ignorant, and of which, to my astonishment, every member of my committee save one was ignorant, and the President signed it, and it became law. That, of course, was done with due respect to the Agricultural Committee. The most important function that could be granted to that committee was taken away from it, and the creation of this office was railroaded through by another committee, and it became law without those who are charged with that responsibility having an opportunity even to discuss it and advise this body as to whether it was wise to appoint an additional Secretary of Agriculture, with \$2,500 per annum added to the salary of the man who since then has been nominated for the position.

I said nothing about that, except that I did state to some newspaper men that I proposed to introduce a joint resolution to repeal that part of the appropriation bill which was enacted without the knowledge or consent of the committee to which the subject matter rightfully and legally belonged.

That was number 1. I suspected then, and I was confirmed in my opinion later, that Mr. Tugwell would be the Under Secretary. His name was sent to the Senate. I was opposed to him then, and I am opposed to him now, and I proposed to use every effort that was legitimately within my power to keep him from being Under Secretary.

It is my duty here and now to say that I know nothing of Mr. Tugwell personally. I have met him only casually once or twice. I have no personal feeling toward him as a man. I do insist, however, that the Under Secretary and the Assistant Secretary and the others who are to discharge the administrative and executive functions of the Agricultural Department should be men of the soil, who understand the problems that confront the farmer, and which nobody except a practical farmer can understand.

Every man within the sound of my voice knows that a man who has been trained technically may be put where the machinery which has revolutionized our whole economic system is fabricated, and he may be so acquainted with the mechanism that he can step from the schoolroom into the actual shop and manipulate the machinery. Why? Because it is man-made, man-controlled, and man-managed.

I desire to state here that so far as Professor Tugwell's academic acquirements are concerned I congratulate him on his attainments. I am the last man to inveigh against academic training. I think it is essential.

Mr. LONG. Mr. President—

The PRESIDING OFFICER (Mr. ASHURST in the chair). Does the Senator from South Carolina yield to the Senator from Louisiana?

Mr. SMITH. I do.

Mr. LONG. Before the Senator discusses Mr. Tugwell, I should like to ask him to state what has been done in the committee and what effort has been made to have the committee pass on the matter.

Mr. SMITH. I am coming to that. Just give me a little time. I shall discuss that. I desired first to clear myself of having any personal feeling toward Mr. Tugwell. Why should I have any such feeling? He has certain theories which he has voiced in his writings and in his books. I have no objection to Mr. Tugwell's entertaining them to his heart's content, and publishing them where he pleases, and holding on to them with the tenacity of a fanatic; but I do object to his trying them on those I represent.

I shall discuss, before I am through, the radical and irreconcilable difference between natural production and artificial production; but the name of Mr. Tugwell came before our committee. Of course, I was opposed to his

confirmation. The fact is, I am opposed to the creation of the office of Under Secretary of Agriculture. We met more than a dozen times after the nomination was sent in, and not a member of the committee moved to take it up for confirmation.

Let me state that the Senator from Montana [Mr. WHEELER] one morning suggested—merely suggested—that we consider Mr. Tugwell. I objected to the suggestion. It had more or less the appearance of a joke, the Senator from Montana seeming to take great pleasure in seeing the zeal with which I opposed even the suggestion.

Subsequent to that the Senator from Alabama [Mr. BANKHEAD] mentioned one morning the fact that perhaps we had better consider it. He did not make a motion. I think that was out of respect to the chairman and his feelings, but he did not make the motion, and I was delighted that he did not do so. Opposed to the nomination as I was, I would have been a stupid ass if I had encouraged members of my committee to do what I was trying to keep from being done. I have no apology to make. But had any member of my committee moved to take up the nomination I would have acceded. No such motion was made either in the committee or out of the committee.

I have not quite told all that happened. One day my good friend, the Senator from Nebraska [Mr. NORRIS], out of the kindness of his heart and out of the abundance of his experience, related to me how he had passed through Gethsemane, but had held his temper and held his equanimity. Well, I was delighted to have that expression from my colleague, of whom I am very fond, but his experience, and the manner in which he met it, was GEORGE NORRIS'; my experience, and the manner in which I met it was E. D. SMITH's, and I have met things in the way I have thought right, and I shall continue to follow that course.

Mr. MCGILL. Mr. President, will the Senator yield to me?

Mr. SMITH. I yield.

Mr. MCGILL. The Senator has stated what certain members of the committee have had to say in the committee room. I do not know whether what I have said was uttered in committee meeting or not; I think, however, it was. I do recall very definitely having stated to the chairman of the committee, and to some other members of the committee, that it was my view that Professor Tugwell should be brought before the committee and given a hearing, that the members of the committee who had questions to ask should be allowed to propound them to him, and that he should be permitted to make any explanation which he had to make concerning any objections which might be interposed. I think I made that statement in the committee meetings.

I feel, however, in justice to the chairman of the committee, that it should now be stated that insofar as I know—and I believe I attended each and every one of the committee meetings—no motion was ever made by any member of the Committee on Agriculture and Forestry to bring the nomination of Professor Tugwell up for action by that committee.

Mr. SMITH. I thank the Senator. I think I have done Mr. Tugwell a favor in not calling him in and having him questioned. That may be necessary, and I am perfectly willing, at any time when the members of my committee seriously ask me, to have this man brought before my committee and have him interrogated. I have not tried to keep the committee from considering the matter, except telling them that I was against it.

Mr. NORRIS. Mr. President, will the Senator yield to me?

Mr. SMITH. I yield.

Mr. NORRIS. In that connection, I should like to ask the Senator whether he ever laid the nomination before the committee?

Mr. SMITH. No; I did not, because I was against the nomination. I would have been a fool to do it, and I did not do it. [Laughter.]

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

Mr. SMITH. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. The Senator has been requested a great number of times to call the committee together for the purpose of considering the nomination. Is not that true?

Mr. SMITH. Mr. President, the leader on our side says that he called my attention to that several times. With all the sincerity and honesty of my soul, I do not recall either him or any member of my committee asking me to do that thing.

Mr. ROBINSON of Arkansas. Mr. President, within the last week—

Mr. SMITH. Oh, I am coming to that.

Mr. ROBINSON of Arkansas. Within the last week I have asked the Senator from South Carolina repeatedly to convene the committee and give the committee an opportunity to pass on this nomination.

Mr. SMITH. Very well, Mr. President.

Mr. ROBINSON of Arkansas. Prior to that time, from day to day, and frequently, I made the same request. Nothing whatever was done about it.

Mr. SMITH. Mr. President, I state here and now that the first intimation—and I swear to this statement if it be necessary, before my colleagues, to show how deeply I feel—the first intimation I had that this was a matter of serious interest was when the leader, the Senator from Arkansas [Mr. ROBINSON], called me over the telephone and asked me what we were doing with Mr. Tugwell. That caught me; it rather knocked me off my feet, for the reason that I am generally able to give a pretty straight answer, but I wondered in my mind what was happening. I did not know. I am not in the counsel of the gods enough to know what is going on, except to discharge my duty. He said to me then that he had mentioned it to me several times. I have no recollection that he did; perhaps he did. I know that he mentioned to me several times the agricultural amendments, and I discharged my duty about them to the fullest of my ability, feeling toward them pretty much as I felt toward Mr. Tugwell, but they were matters relating to the law, and the other was a matter relating to a person.

The Senator from Arkansas said to me over the telephone, "Now, if you do not do this, I am going to move to discharge the committee." I said, "Move to discharge the committee." That move has been made, in the face of the fact that the committee is charged with the responsibility, and not the leader. I did not mean to shut off the committee if they really, seriously, wanted this matter considered. We had not adjourned; the committee was still there in its integrity, ready at any time, under its chairman, to discuss this matter if any members of the committee had come and said to me, "Now, call the committee together, and give us a chance to vote. We want to vote."

Mr. LONG and Mr. MCGILL addressed the Chair.

The PRESIDING OFFICER. Does the Senator from South Carolina yield; and if so, to whom?

Mr. SMITH. I yield first to the Senator from Louisiana, since he rose first.

Mr. LONG. I wish to ask the Senator from South Carolina a question, and I should like to have the attention of the Senator from Arkansas.

It seems to me that the committee has been a little careless in its own councils about moving to take up the nomination. There are about 15 or 20 members of the committee, and it looks to me as though we should not get into a snarl and make Mr. Tugwell an innocent victim of something for which he is not responsible. It seems to me that if a majority of the committee desired to consider Mr. Tugwell's nomination, the chairman ought to be willing—and I am sure he is—to call the committee together and give the matter early consideration, and let us have a report on it. Otherwise, it seems as if we will get Mr. Tugwell, whether we are for or against him, into a rather unfortunate snarl.

I should like to make this suggestion. Apparently a majority of the committee desire to consider the Tugwell nomination. Perhaps they have been afraid to tell the chairman, or, rather, for some reason did not want to.

Mr. SMITH. Mr. President, I hope there is no member of my committee afraid to approach me and talk to me about any question. I was pretty touchy about this matter.

Mr. LONG. I mean that in the sense that they are more or less embarrassed, though not fearing that the chairman would be aggressive toward them; but I was going to suggest that apparently there is a majority of the Committee on Agriculture and Forestry who wish to consider the Tugwell case, and the chairman seems willing to consider it. There is no reason why the Committee on Agriculture and Forestry should be so nice among themselves. This is their duty; this is their responsibility. Let them now make it known to the chairman that they want a meeting and let the meeting be held. If they want to interrogate Mr. Tugwell, let them interrogate him. That ought to be a matter of hours only.

Mr. SMITH. Mr. President, if the Senator will excuse me, let us cross that bridge when we get to it. What I am endeavoring to impress on my colleagues is that I have not had a real request from my committee to hold a meeting and pass on this nomination. Had members of the committee come to me in all seriousness and said, "We have discussed this matter, and it is of such importance that we want you to call the committee together", I would have been the last man to deny them that right. The truth of the matter is that I do not think they were any more enthusiastic to have the nomination considered than I was.

Mr. MCGILL. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Kansas?

Mr. SMITH. I yield.

Mr. MCGILL. I should like to inquire of the Senator from South Carolina if one or more members of the Committee on Agriculture and Forestry request a meeting of that committee to consider the nomination of Mr. Tugwell, whether the Senator from South Carolina is ready to call a meeting of the committee for that purpose?

Mr. SMITH. Mr. President, I am not going to commit myself to anything until the Senate decides whether or not, upon the evidence which I have given of the manner in which my committee has been treated, both in the instance of creating the under secretaryship and then calling the nomination up under such conditions as it is now called up, such action should have been taken. Let us cross that bridge first. The Senate has heard me say and the committee knows that had any Senator at any time asked me seriously to consider this nomination and told me they wanted to vote on it, action would have been taken. Senators who know me and who have been associated with me, know that it would have been taken. But when it comes to a question of coercion like this—no; I will not answer that until we cross this bridge. Let us cross this bridge first.

Mr. MCGILL. Mr. President, will the Senator further yield?

Mr. SMITH. I yield.

Mr. MCGILL. I am in hearty accord with what the Senator has had to say relative to the manner in which the measure which created this office was passed. I fail to understand why a measure creating an Under Secretary of Agriculture was not referred to the Committee on Agriculture and Forestry; why it was referred to some other committee, and I should be glad to be enlightened on the subject of why it was done.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from South Carolina yield?

Mr. SMITH. I yield.

Mr. ROBINSON of Arkansas. The provision authorizing the creation of the Under Secretary of Agriculture was reported in the agricultural appropriation bill. It was sponsored by members of the Committee on Agriculture and Forestry who served on the subcommittee. The bill was in charge of the Senator from Georgia [Mr. RUSSELL], who handled it with notable ability and promptness. There is nothing in that proceeding which should provoke resentment or even criticism on the part of Senators. It is pur-

suant to a practice which has prevailed for a long period in the Senate of the United States.

With respect to the statement of the Senator from South Carolina that no formal motion was made to take up this nomination in the committee, I wish to point out, with the indulgence of the Senator from South Carolina, that it is not, in my judgment, within the province of the chairman of a committee to suppress freedom of action on the part of the membership of his committee.

Mr. SMITH. Right there I challenge the implication in that statement.

Mr. ROBINSON of Arkansas. Mr. President—

Mr. SMITH. Mr. President, this is my time.

Mr. ROBINSON of Arkansas. Yes, of course; the Senator can decline to yield.

Mr. SMITH. The Senator does not decline to yield, but I do not want the Senator from Arkansas to give the impression that I denied my committee the privilege of voting on that nomination.

Mr. ROBINSON of Arkansas. Mr. President—

Mr. SMITH. I did not suppress freedom of action.

Mr. ROBINSON of Arkansas. Will the Senator yield?

Mr. SMITH. I yield.

Mr. ROBINSON of Arkansas. During the last 3 weeks at least five members of the Committee on Agriculture and Forestry approached me and asked me to make an effort to get that nomination out of the committee. I will not quote at this time the statements which were made as a reason for that very extraordinary action.

I was about to say a moment ago that under the uniform precedents which prevail in the committees of the Senate, the chairman lays before the committee nominations which are submitted to the committee, and that gives the committee an opportunity for action.

The Senator's statement shows that he started out to do everything he could to prevent the confirmation of Dr. Tugwell. All I am asking is that the Senate be given the right which it ought to have had some time ago, to vote on Dr. Tugwell's nomination. If the committee shall be discharged we will have that opportunity. I am not willing, under the state of the record, that this nomination shall go to the committee now and that hearings shall be had until the end of the session soon to close, and Dr. Tugwell denied the right to a vote by the Senate. If the committee—

Mr. SMITH. Mr. President—

Mr. ROBINSON of Arkansas. If the committee should take prompt action it would be all right.

Mr. SMITH. The Senator can make his speech in his own time.

Mr. ROBINSON of Arkansas. Yes; and I thank the Senator for yielding. Perhaps I should not have trespassed on his time.

Mr. GLASS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Virginia?

Mr. SMITH. In just 1 minute. The statement just made is all right, but I have laid the facts before the committee. The committee need not have denied itself the privilege of voting, had they come to me, as they went to the Senator from Arkansas. They did not come. I challenge any of them to say they did. They are all here.

Mr. BANKHEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield? If so, to whom?

Mr. SMITH. I yield to the Senator from Virginia.

Mr. GLASS. Mr. President, without participating in any of the excitement or vehemence on either side of this question, as Chairman of the Appropriations Committee of the Senate I think perhaps I ought to say that the Appropriations Committee did not wittingly or at all usurp any of the functions of the Committee on Agriculture and Forestry. As a matter of fact, the Senate itself is responsible for the action taken, because only the Senate took the action. The effort to create this office was made on the floor of the

Senate by means of an amendment to the agriculture appropriation bill, and the Senate itself voted to establish the position of Under Secretary at a given salary, as I recall. The Senator from Georgia, who was chairman of the subcommittee of the Committee on Appropriations dealing with the agricultural bill, offered the amendment on the floor of the Senate, and the Senate itself was responsible for the action and not the Appropriations Committee.

Mr. SMITH. Mr. President, I am glad to have the situation cleared up; but the fact remains that the proposal did not go to the Committee on Agriculture and Forestry, and none of the members of my committee knew anything about it.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. WHEELER. As everyone knows, I have the highest regard for the Senator from South Carolina, but the Senator will recall that I asked him to bring up Dr. Tugwell's nomination in the committee, and I hope the Senate will not get the impression that I was not serious when I asked the Senator to bring up the name of Dr. Tugwell. Candidly, I brought it up in the committee and asked that we have a meeting, and that we take up the name of Dr. Tugwell at that particular meeting. I have felt constantly that Dr. Tugwell was entitled to have a vote of the committee as to whether or not his nomination should be reported back favorably, and I so stated in the committee, and asked that the nomination be taken up and reported.

Mr. SMITH. We will discuss that also later. Members of the committee are here. It was never brought up in anything more or less than a joking manner.

Mr. CLARK. Mr. President, will the Senator from South Carolina yield to me for the purpose of asking a question of the Senator from Montana?

Mr. SMITH. I yield for that purpose.

Mr. CLARK. I should like to ask the Senator from Montana [Mr. WHEELER] if it had been desired that the nomination of Tugwell be taken up in a meeting of the Committee on Agriculture, what was to prevent the Committee on Agriculture, if it was in favor of reporting out the nomination, taking up the subject and reporting out the nomination? What was to prevent it if the committee wanted to do so?

Mr. WHEELER. There was not anything to prevent any member of the committee from moving to take up the nomination of Dr. Tugwell. But I do not want the Senate to get the impression that members did not ask the chairman to take up the nomination. In deference to the Senator from South Carolina, whom we all respect, we did not move to take it up, but I asked him, and I know of one other member who asked him to take it up.

Mr. SMITH. Mr. President, I want the Senator to be fair. It was in a vague and indefinite way that the remark was made. I call on other members of the committee who may be here to confirm that it was more or less in the way of "Are we going to?" "Will we do it?" There was no request made that we take up this nomination. There are other members of the committee here who can confirm the statement. The only three who mentioned it at all were the three I have named.

I want to repeat that I was opposed to the creation of the office of Under Secretary. I was opposed to the name that was sent in, which at the proper time I will discuss at length. I would have taken it up at any time that a Senator had said, "I think the time has come and I move that we proceed to the consideration of this nomination."

I desire to make a further statement in this connection. There were coming in to me from practically three-quarters of the States of the Union letters of protest against this nomination, and I had an idea that when I did call the committee together, having heard from all these people—and there are doubtless Members of the Senate who have heard from the people also—that I was going to lay the matter before the committee and say, "In the light of these protests what are you going to do?" The farmers were entitled to be heard from, and they were being heard from. If

necessary I could bring here by the hundreds and thousands letters and telegrams demanding that one of their own people, one who understands the vexed problem of agriculture, should be in this position. I am not now going into that phase of the matter.

Mr. WHEELER. I have not anything further to say except that the Senator infers that other members of the committee who are present who would determine the facts as to whether I seriously brought up the name of Dr. Tugwell. I have no interest in Dr. Tugwell, but I will say frankly the Secretary of Agriculture spoke to me about it and I said to him that I would bring up the matter in the committee. I brought it up in the committee. I appreciated the fact that the chairman was bitter against it, but I asked that it be taken up. Other members, if I recall correctly, also suggested that they felt the name should be taken up in the committee. I specifically remember the Senator from Alabama [Mr. BANKHEAD] mentioning it, and I think some others mentioned it.

Mr. SMITH. That was later.

Mr. WHEELER. Oh, no. It may be the Senator from South Carolina felt that I took it up in a facetious manner, but I can assure him that was not the case. I have always felt, and said, not only in the committee, but said to him privately, that the nomination ought to be taken up and disposed of.

Mr. SMITH. I admit, and I believe members of my committee will bear me out, that I really thought the Senator was speaking facetiously to see me blow up. [Laughter.] I so thought, and that is the truth. I thought he brought it up to see if he could not start something, and he did. [Laughter.]

Mr. WHEELER. Of course, I knew the Senator would blow up.

Mr. SMITH. Yes, and he did; but the Senator from Montana never made a motion, and no other member of the committee ever made a motion to take up the matter.

Mr. CLARK. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Missouri?

Mr. SMITH. I yield.

Mr. CLARK. I simply want to say it seems to me that a Member of the Senate or of any other legislative body makes a poor mouth when he comes in and says that he tried to take up a matter, but the chairman would not permit it, when there had been a meeting at which the Senator had the right to make the motion, but at which he did not make the motion. It seems to me to be a very late time for a member of the committee to come in and say that the chairman would not let him take it up.

Mr. WHEELER. Let me say to the Senator from Missouri that I am not going to stand on the floor of the Senate and let the Senator from Missouri get away with anything of that kind.

The PRESIDING OFFICER. Several Senators are on their feet. To whom does the Senator from South Carolina yield?

Mr. WHEELER. The Senator from Missouri cannot put me in that attitude.

Mr. SMITH. I yield to the Senator from Missouri.

Mr. CLARK. I simply desire to state that if, as a Member of the Committee, I desired to bring up a matter and did not make a motion to bring it up, I certainly would not later come to the floor of the Senate and claim that the chairman had prevented my having an opportunity to have the matter considered.

The PRESIDING OFFICER. Five Senators are on their feet. To whom does the Senator from South Carolina yield?

Mr. WHEELER. Mr. President—

Mr. NORRIS. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. NORRIS. I object to Senators interrupting and making speeches while the Senator from South Carolina has the floor.

The PRESIDING OFFICER. The point of order is well taken.

Mr. SMITH. Mr. President, I would have objected to that myself, but I was too modest. [Laughter.]

Mr. WHEELER. I am not complaining that the Senator gave me no opportunity to take up the nomination. I am simply answering the statement to say that I did take it up. I am not complaining because he did not take it up. If I had wanted to take it up I know I could have done it, and I had the intestinal stamina to have done it whether it was the Senator from Missouri or the Senator from South Carolina.

Mr. CLARK. The Senator may have that stamina, but he did not do it.

Mr. WHEELER. I did not want to do it.

Mr. CLARK. That is a complete answer.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. The Senator from South Carolina is recognized. He still has the floor.

Mr. SMITH. Senators have heard all the facts. Members of my committee are here. This is one of the few times in all the history of the Senate when a committee in charge of a nomination has been called upon to relinquish its handling of the matter and bring it to the floor of the Senate. My committee is composed of the peers of any man on this floor. They are charged with a duty which they are men enough to discharge at any time. There is not a man here who will rise and say that I have not treated every member of that committee, insofar as my treatment of him be paramount, with anything but the utmost respect.

The committee still exists and the chairman is still on the job. [Laughter.] At any time—not right now, no; but at any time after this boiling water subsides, after it gets cool, so far as I am concerned Senators may proceed by a simple request in the matter; but not one of them ever came to me with such a request.

Mr. President, I am here to say it is a serious matter even for the leader of our side of the Chamber to say, "Unless your committee acts I shall move to discharge it." If he had asked me to call the committee together and let him come before it, I should have been delighted to do that. If the committee or any number of the committee, yes, if any one member of the committee, had come and said, "I want to vote on this matter. I want you to call the committee together and let us vote on it", I would have called the committee together for that purpose.

I frankly admit that I did not think this under secretaryship ought to be created.

Mr. RUSSELL. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Georgia?

Mr. SMITH. I yield.

Mr. RUSSELL. If the Senator from South Carolina will permit, in order that there may not be any misunderstanding in regard to the amendment to which the Senator has referred, I should like to say that I offered the amendment on the floor of the Senate under instructions from the Committee on Appropriations. It was not done surreptitiously, nor was there anything mysterious about it. It was done in the utmost good faith and in open session the amendment was read by the clerk and adopted by the Senate.

I certainly would be the last person here to infringe on the prerogatives of the Senator from South Carolina or his committee. I knew nothing about the pending bill to create an Under Secretary. Not being a member of the Committee on Agriculture and Forestry I had no opportunity to know. The Senator from South Carolina is a member of the Subcommittee on Appropriations, however, and he did have ample opportunity to know the amendment would be offered.

Mr. SMITH. The Senator from South Carolina was never notified that they were going to meet or what they were going to consider when they did meet.

Mr. RUSSELL. I do not have knowledge as to that, but to enable the subcommittee to have the benefit of the Senator's long experience on the Committee on Agriculture and Forestry, I specifically requested the clerk of the Committee on Appropriations to notify the Senator, and was advised

by the clerk that he not only sent the regular written notice to the Senator from South Carolina, but in addition he telephoned his office and advised him of the fact that the committee was meeting. He did not state that he talked to the Senator personally on the telephone, but that he had notified the Senator's office.

Mr. SMITH. That this specific proposal was coming up?

Mr. RUSSELL. Oh, no; but that the subcommittee of which the Senator was a member would be meeting to hear matters relating to agricultural appropriations.

In addition to that, the hearings before the subcommittee, before which the Secretary of Agriculture appeared as a witness, were printed. The fact was widely heralded in the press of the land that the Secretary of Agriculture had appeared and requested provision for an Undersecretary of Agriculture, and the amendment was read on the floor by the clerk after committee action. By reference to the CONGRESSIONAL RECORD of the day on which the amendment was read and adopted I find that the Senator from South Carolina [Mr. SMITH] was the last Senator who had made a statement upon the floor of the Senate before the amendment was read. He occupied the floor immediately prior to the time the amendment was read and adopted, and was the last Senator to address the Senate before its adoption.

I am not greatly concerned about the discharge of the committee or the confirmation of Mr. Tugwell, but I do wish to assure the Senator from South Carolina and all the Members of the Senate that there was nothing mysterious or sinister or in deviation from regular parliamentary procedure in the adoption of this amendment. If it offended the Senator from South Carolina, I deeply regret it, for I hold him in high esteem, and would not willingly offend him; but the amendment was offered in good faith, after consideration by the subcommittee of which the Senator from South Carolina was a member, and after consideration by the entire Committee on Appropriations, of which the Senator from South Carolina is a member when considering the agricultural appropriation bill.

Mr. SMITH. I exonerate the Senator from Georgia, because he is a new man here, and does not understand all these things. [Laughter.] He will later on. How the amendment got into the bill I do not know. Under the miserable budget arrangement we have of having our committees all divided up until we do not know which is which, it is impossible for a man to keep up with all the divisions and subdivisions. I exonerate the Senator from Georgia, however, from any sinister motive. If I had been here when the amendment was offered and adopted, or if I had been advised that the thing was to be done, I certainly should have taken cognizance of it. Not a member of my committee, save one, knew anything about it. Neither did any of the press, so far as I know, because I had told them that I did not know what would become of the under secretaryship; and the first I knew about favorable action on the matter was after the bill was passed and the President had signed it. Then some of the press representatives said, "Well, what about this?" I replied, "Why, this is the first I have heard of it"; and I added, "I believe I will introduce a joint resolution repealing it."

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Missouri?

Mr. SMITH. I do.

Mr. CLARK. The Senator from South Carolina has been here for some quarter of a century. Has it been the Senators' observation that it has been the practice of the Senate for the Appropriations Committee to report out an amendment obviously subject to a point of order, being new legislation on an appropriation bill, without giving notice to the chairman of the committee having jurisdiction of the subject?

Mr. SMITH. No.

Mr. NORRIS and Mr. GLASS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from South Carolina yield, and, if so, to whom?

Mr. SMITH. I yield first to the Senator from Nebraska.

Mr. NORRIS. Mr. President, I desire to preface my question with the same remark with which the Senator from Missouri prefaced his question. The Senator from South Carolina has been here for 25 years. During that time, does he recall an instance in the Agricultural Committee or any other committee where, when a nomination came to the Senate and was referred to the committee, the chairman of the committee did not lay the nomination before the committee?

Mr. SMITH. I have not charged my mind with it, but the Senator has such a case now.

Mr. NORRIS. Yes; this is the first.

Mr. SMITH. The Senator has such a case now. I was opposed to the nomination, and did not lay it before the committee. They discussed it. They had every right and privilege in the world to deal with it if they were so enthusiastic about it. I should not have stood in the way.

Mr. GLASS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Virginia?

Mr. SMITH. I yield.

Mr. GLASS. I am chiefly interested in this discussion to acquit the Appropriations Committee of any irregularity.

I will say to the Senator from Missouri that the Appropriations Committee did not report this amendment. The amendment was offered on the floor of the Senate. I may say, however, that the likelihood, if not the certainty, is that the Appropriations Committee would have reported it had it not been subject to a point of order which would have involved a recommitment of the entire bill to the Appropriations Committee; but, as a matter of fact, there has been nothing irregular about the procedure. No under secretaryships of any department in Washington have been created except in this way. I have the facts before me.

The office of Under Secretary of the Treasury was created on an appropriation bill.

The office of Under Secretary of State was created on an appropriation bill.

Now the office of Under Secretary of Agriculture has been created on an appropriation bill.

There was nothing irregular in the procedure in respect to the Appropriations Committee and certainly no intention on the part of any member of the Appropriations Committee to be disrespectful to the Chairman of the Agricultural Committee.

Mr. CLARK. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from South Carolina further yield to the Senator from Missouri?

Mr. SMITH. I do.

Mr. CLARK. I have no desire on earth to impugn the motives of the Appropriations Committee. I based my statement on the statement of the Senator from Georgia [Mr. RUSSELL] that he offered this amendment himself on the floor of the Senate, as chairman of the subcommittee, by direction of the subcommittee and by direction of the Appropriations Committee, which amounts to making it a committee amendment.

Mr. GLASS. The Senator from Georgia was chairman of the subcommittee, and he was authorized by the committee to offer the amendment. He was not directed by the committee to do so. He was given leave by the committee to offer the amendment on the floor, with the understanding, of course, that no member of the committee who assented to that procedure would raise the point of order.

Mr. CLARK. The Senator, of course, is familiar, as I am, with the fact that when a committee authorizes a member in charge of a bill—whether he be a Member of the House or a Member of the Senate—to offer an amendment, it becomes in fact a committee amendment.

I desire to say before I sit down, in reference to what the Senator from Virginia said about the creation of the office of Under Secretary, that I well remember, as the Senator from Virginia does, when the proposition to create

the Under Secretaryship of State, which was the first, was defeated by the unanimous vote of the Democrats in the House of Representatives, including the Senator from Virginia, with the addition of a number of very independent Republicans, so-called "insurgents" at that time, in the House.

The Senator says that every one of those under secretaryships has been created by a rider on an appropriation bill. I think that is true; and I think it would have been a fine thing if the point of order had been made against every one of them. I do not think the practice which has been followed of creating super under-Cabinet jobs by riders on appropriation bills which are subject to points of order should be taken as a precedent for such action as this.

Mr. GLASS. I agree with the Senator from Missouri. It never should have been done in that way, and I am not implying that I particularly care to vote for it. The fact is, I did not give the matter much consideration, and I do not know that I did vote for it, or was present when it was voted on, and I do not know that I am in favor of it now.

Mr. CLARK. I should like the Senator from Virginia to know that I am not undertaking to reflect on his committee.

Mr. GLASS. Oh, I know that.

Mr. SMITH. Mr. President, I have made my statement of facts. I am now going to leave with my colleagues the decision as to whether or not, in the light of all the facts my committee should be discharged from the further consideration of this nomination, which would be tantamount to saying that the members of the committee either have not the courage or have not the enthusiasm to come to their chairman and ask for a call of the committee. I say they have not done so.

I have stated the case. So far as I am individually concerned, every Senator here knows my position. I do not change it now. I had the feeling then which I have stated. I have it now. I believe that the farmers of the country are entitled to have this office filled by one who knows the problems of the farm.

There is not a man who, with the best academic training in the world, can ever make a success in agriculture without bitter experience. Academic training helps him to think logically, to think clearly, and equips him the better to meet and solve these problems; but the changing seasons of every year, and of every month of every year, make it impossible for any man to know the problems of the field who has not been closely identified with those problems.

In considering the scientific application of machinery, we must reflect that it is man-made, and a man can be trained to run it, but in the field, where the forces of nature shift and change, as they have done in the West, overwhelming it with a horrible disaster, we must have men familiar with nature's work. It has upset the calculation of every man in the West. The rain in my section is upsetting the calculation of everyone there. The man at the head must, by experience, know how to meet these changing conditions, and the problem is not the problem of the schoolroom; it is not the problem of the blowpipe and test tube and retort; it is the problem of the bitter, everyday experience in the field.

Thank God, we have men in this country who, despite the fact that they are still farmers, are capable of solving more perfectly these vexing problems than any academic experimenter.

Mr. President, I feel so profoundly and so deeply on this subject that I think it is an insult to the agriculturalists and the farmers of this country to put at the head of their affairs a man who has had no experience in their industry.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. SMITH. I yield.

Mr. BARKLEY. I have been working in a subcommittee, and I have not been able to hear the Senator's argument. How long has this name been before the committee?

Mr. SMITH. I do not know; I think about 2 months.

Mr. BARKLEY. What is the objection to the committee letting the Senate vote on it?

Mr. SMITH. Letting the Senate vote on it?

Mr. BARKLEY. Yes; voting on the nomination?

Mr. SMITH. I think the respect of the committee is involved in this situation.

Mr. BARKLEY. Has it been the purpose of the committee to deny the Senate an opportunity to vote on the nomination?

Mr. SMITH. The committee has not expressed its purpose, and I have given the committee every opportunity to express it. I have expressed mine.

Mr. BARKLEY. I appreciate that. [Laughter.] The question is whether a committee can hold a nomination, or whether it ought to hold a nomination, until Congress adjourns.

Mr. SMITH. The Senator was not here to hear the argument.

Mr. BARKLEY. No; I could not be here.

Mr. SMITH. I exonerated the committee. It has not made any request, except incidentally, pro or con.

Mr. BARKLEY. Other committees have had before them nominations upon which they have made adverse reports.

Mr. SMITH. I know that, and this committee could at any time have requested a vote, and have gotten it. They did not do so. I was not stupid enough to say, "Please come on and let us report out something to which I am opposed." [Laughter.]

Mr. BARKLEY. What I am seeking is information to guide me with reference to my vote on the motion to discharge the committee.

Mr. SMITH. Whenever my committee seriously says, "Let us vote on this question", I will call them together and say, "Vote on it." They have not done that. But I do not want the vote taken immediately after this debate, because there is a sort of an odor attaching to it that I do not like.

Mr. BARKLEY. I am not concerned with odors, but I am concerned about what it is the duty of the Members of the Senate to do with respect to a motion to discharge a committee which has had before it a nomination for 2 months without taking any action on it.

Mr. SMITH. The committee could have acted if it had wanted to.

Mr. BARKLEY. Of course it could have; but why did it not, one way or the other?

Mr. SMITH. I do not know. Ask the members of the committee; do not ask me.

Mr. BARKLEY. I am not taking a poll of the committee. The Senator is the chairman of the committee, and I am trying in good faith to find out whether it is the deliberate purpose of the committee to prevent the Senate from voting on this nomination.

Mr. SMITH. I do not know what its deliberate purpose was. The members never expressed themselves to me, and we had half a dozen or a dozen meetings after the nomination was sent in. It was only incidentally referred to two or three times.

I repeat, had my committee, or any member thereof, said to me, "Now, let us take up this nomination; we want a vote on it, or I am going to move to call the committee together" and that he represented the four or five who said they went to the leader—if they had come to me and said that, I would have said, "I am awfully sorry, but I will call the committee together." They know I would have done that. There is not a member of my committee who does not know I would have done that. But they did not ask me, and I was tickled to death that they did not. [Laughter.]

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. CLARK. Pursuing the argument of the Senator from Kentucky, does the Senator from South Carolina know of any reason why, if the Committee on Agriculture should be discharged from the further consideration of this nomination, which has been before the committee for some time,

the Committee on Finance should not be discharged from the further consideration of the bonus bill, which has been in the Committee on Finance for an equal time?

Mr. SMITH. I do not.

Mr. CLARK. That is a committee of which the Senator from Kentucky is a member.

Mr. BARKLEY. Mr. President, there is no reason why the Committee on Finance should not have been discharged from the consideration of the bonus bill if any Senator had risen in his place and moved that the committee be discharged, and the Senate given an opportunity to vote on it. We have reported that bill out of the committee, but adversely, and it is before the Senate for a vote. I have been a member of another committee which reported nominations adversely, but the Senate was given an opportunity to vote. I do not know of any reason why we should not have an opportunity to vote on this nomination, whether to confirm it or reject it. That is the point I am making, and apparently the only way to get a vote is to discharge the committee—

Mr. SMITH. Mr. President, I think I have the floor.

The PRESIDING OFFICER. The Senator from South Carolina has the floor.

Mr. SMITH. I do not intend that the Senator from Kentucky or anyone else shall becloud this issue. This matter has been in the hands of the committee.

Mr. LOGAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the junior Senator from Kentucky?

Mr. SMITH. I do not yield.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. SMITH. I do not intend that this matter shall be beclouded. The first time I knew that there was any serious pressure was when the leader called me up and said, "Report it out or we will move to discharge the committee." That was the first time I realized that somewhere, from some source, there was a serious pressure to have this done. I conferred then with members of my committee, and I told them I did not like to yield on anything like that. But the members of the committee could even then have asked that the committee be called together, and they did not do it.

I yield now to the Senator from Kentucky.

Mr. LOGAN. As I understand the statement of the Senator from South Carolina, this nomination has never been before the committee, technically speaking. It was referred to the chairman of the committee, who boldly says that he did not place it before the committee; so I doubt whether any member of the committee ever had a right to take it up. The members might have called for it to be placed before the committee, but it has been in the hands of the chairman alone, as I understand his statement, all this time.

Mr. SMITH. No; it has been right there on the desk. Every member of the committee knew it was there.

Mr. LOGAN. Was it ever reported to the committee formally?

Mr. SMITH. Yes; it was reported by my secretary.

Mr. LOGAN. Placed before them?

Mr. SMITH. It was there; oh, yes. Do not get off on technicalities. [Laughter.] The committee understood it was there.

Mr. CLARK. Mr. President, will the Senator from South Carolina yield?

Mr. SMITH. I yield.

Mr. CLARK. The Senator from Kentucky is entirely erroneous in his construction. When a nomination is sent in, is it not required that the chairman of the committee place it before the committee. Any member of the committee can call it up at any time he pleases.

Mr. BARKLEY. Mr. President, will the Senator yield further?

Mr. SMITH. Not now. I want to get through with this mess.

I have laid the facts before the Senate. I and my committee are indicted for dereliction of duty. I conceived it to be my duty, representing the people of this country, to fight this nomination; but I also have recognized that it was my duty, if the committee asked for an opportunity, to give them a chance to vote. They have not asked for that.

Now comes this motion, that the committee be discharged, without them stating their position.

Mr. President, at the proper time I may have more to say, but now I am yielding the floor.

Mr. BYRD. Mr. President, I think I can claim to have been the most silent Member of this body. I have spoken and consumed exactly 3 minutes of the time of the Senate since the day I was sworn in. I had hoped that this distinction, or perhaps lack of distinction, could have continued throughout this present session.

It was my purpose, Mr. President, to vote for the confirmation of Dr. Tugwell. In fact, I had communicated this intention to him, and as an honorable man I rise today on the floor of the Senate to state to the Members of the Senate the reasons why I will cast the vote I am about to cast in the light of developments which have occurred since I made that committal.

I believe that the President of the United States should have wide latitude in the selection of his official family. I believe that the Senate of the United States should confirm the nominations of the President unless there is some grave reason to the contrary.

As Governor of the State of Virginia it was my privilege to inaugurate amendments to the constitution which gave to the Governor of that State the power to appoint his official family subject to the confirmation of the senate. I believe in that principle.

Mr. President, I personally think that a farmer should be appointed as Under Secretary of Agriculture, because he will act, in many instances, for the Secretary himself. I believe that a man should be appointed who has gone through the trials and tribulations that every farmer must go through who has seen his crops destroyed by the elements, who has had his hands discolored by working in the soil. But, Mr. President, I am willing to yield my opinion on that to the President of the United States. I am not voting as I will vote because Dr. Tugwell is a professor and because perhaps he has never planted a blade of grass. I am voting as I will vote because of my belief, as I will endeavor to show the Senate, that he has not the proper conceptions of the principles of our Government.

Mr. President, on June 1 there appeared an interview in one of the Washington papers in which, discussing certain amendments to the Agricultural Adjustment Act, Dr. Tugwell is quoted verbatim as follows:

These amendments are necessary to * * * permit us to continue what we have already been doing. If we should get a set-back in court we would have to stop doing certain things under present circumstances.

Mr. President, this is no more than a bold confession of the Secretary of Agriculture that Dr. Tugwell and others in the Agriculture Department have deliberately usurped the power of the Congress of the United States and now are coming before this body and asking us to validate the illegal acts that have already been performed by them.

On the same day, Mr. President, I wrote this letter to Dr. Tugwell. That is June 1, one week ago today. The letter is as follows:

You are reported in the press this morning as saying that the pending amendments to the Agricultural Adjustment Act are necessary to authorize the Department of Agriculture to continue what they are already doing. I would appreciate if you would advise me if the quotation on page 23 of the Washington Herald of today is correct.

And to this day, although that letter was written one week ago, Dr. Tugwell has not done me the courtesy to reply. This morning I got in communication with his office and again requested that he make a reply to this letter.

Mr. President, I am not concerned so much in this nomination about the political theses which were written by Dr. Tugwell in the years before he became a responsible

official of this Government. I am not somewhat concerned about it because I know that he has a brilliant and fertile mind, because I know that he likes to write, and perhaps many of the things that he then said he himself would not sustain today. And I further know that the sobering influence of responsibility that is placed upon the shoulders of a public official will often change his mind.

But I am concerned, Mr. President, as to his attitude with respect to the fundamental principles of our Government, as shown by his official acts since he became a paid employee of this Government.

I do not profess to be a student of the Constitution of the United States. I am a business man and not a lawyer, but as a layman my conception of the foundation stone upon which this great representative democracy of ours rests, this democracy bequeathed to us as a precious heritage by the blood and labor of those great men who gave us the form of government we now enjoy—my conception is that the foundation stone is that this Government is divided into three branches, each independent of the other—the executive, the judicial, and the legislative—and whenever the executive branch attempts to usurp the authority of the legislative branch, and whenever the judicial branch—and pray God that will never occur—accepts dictation or coercion from either the executive or the legislative branch, then I say the end of this representative government would have begun.

Dr. Tugwell was one of those who came before the people of this country—also the Secretary of Agriculture—and said that certain pending amendments to the Agricultural Adjustment Act were merely clarifying when, as a matter of fact, and as I will show when the debate comes on these amendments, these amendments enormously increase the power of the Secretary of Agriculture and, if adopted in their present form, will make him the absolute czar and dictator of the farmers of this country. Yet Dr. Tugwell and the Secretary of Agriculture told the Congress of the United States and told the people of this country that these amendments were merely clarifying and did not increase their present authority.

Just for a moment I will ask the indulgence of the Senate to speak briefly on the effects of these amendments, because this question that I am discussing involves the good faith of Dr. Tugwell and the Secretary of Agriculture in saying to the people of this land that they are asking for clarifying amendments, when in fact these amendments confer great additional authority upon the Secretary of Agriculture.

I think, Members of the Senate, that we, the legislative branch of this Government, should insist upon absolute frankness and candor from the departmental heads of our Government, because in the great mass of legislation that comes before us it is impossible for us to carefully analyze the effects of the different bills that are prepared by the departments of our Government; and we should insist that they take us into their confidence; and when that confidence is abused, as it has been in this instance, then we should rebuke those who are guilty of such deceit.

Mr. President, one of these "clarifying" amendments, as claimed by the Secretary of Agriculture and Dr. Tugwell, gives to the Secretary of Agriculture the absolute authority over every blade of wheat, over every chicken and over every turkey on any farm that receives a benefit payment from the United States Government; even though the benefit payment may be only \$50, yet the Secretary of Agriculture can go on that farm, if it is a thousand acres, and tell that farmer exactly what he should raise, down to the chickens and the turkeys and the cows that he may have. Yet they say to us that that is a "clarifying" amendment.

Another amendment provides and gives the power to the Secretary of Agriculture to license a producer—something that has never before been contemplated in any legislation that has been presented to this body—and gives the right to the Secretary of Agriculture to deny a license to a man who processes or distributes the product that he raises on his farm, and processing means preparation for market.

Therefore, if one should pack a bushel of strawberries and ship that bushel of strawberries in interstate commerce, the

Secretary of Agriculture would have the right to either give or deny a license.

Members of the Senate, the Secretary of Agriculture says that he does not intend to use this great authority. I submit that whenever authority is given to a department of this Government, that sooner or later it is used. And we, the people's representatives, should only vote to give authority to a department of the Government on the assumption that the authority will be used to the fullest extent.

It further provides that upon the vote of two-thirds of the farmers producing a particular crop, a quota system may be established as to how much each farmer may produce of that product.

Then an entirely new section was included providing, in defiance of the fourth amendment to the Constitution, that the private papers of farmers shall be made available to officials of the Department of Agriculture.

Another new amendment instructs the District Courts of the United States to invoke the power of injunction—the greatest power that any government can have—when the Secretary of Agriculture so decreed it, in order that a farmer may not ship his products in interstate commerce, and that right would be taken away from him by the United States District Court.

Speaking again of the Constitution—and I again say I do not profess to be a student of it—in the United States of America, which after all is merely a confederation of States, the original conception was that there would be free commerce and free intercourse between the States of the Union, and that the power over interstate commerce would only be invoked by the Federal and parent Government when one shipped to another State something that would be injurious. But in this instance we find the power asked by the Secretary of Agriculture to invoke the interstate-commerce power with reference to articles which are not only not injurious but are articles of food which are absolutely essential to our existence.

Mr. President, I am not going to consider further at this time the amendments proposed to the Agricultural Adjustment Act. I hope the Democratic leadership of the Senate will bring the amendments before the body, so we may have a full and frank discussion before the session adjourns, and I shall then ask the privilege of saying more than I have said at this time.

Mr. President, I am going to vote against the discharge of the committee, but I shall vote against it on different grounds than those suggested by my distinguished colleague, the Senator from South Carolina. I shall vote against the discharge of the committee because I want the chairman to call a meeting of the Committee on Agriculture and Forestry, then to call Dr. Tugwell before the committee, and to permit me to ask him why he has not answered the letter I have sent him, and to require him to answer other interrogatories which will be submitted to him by other Members of the Senate. That is the only way we can get a direct expression from Dr. Tugwell under his sworn oath. I want it to be with the understanding, I hope, that the chairman of the committee will call Dr. Tugwell before the committee and permit those questions to be asked, and then report the matter to the Senate.

Mr. President, I do not approve of smothering this nomination in the committee. Of course, I understand the position taken by the distinguished Senator from South Carolina. He is opposed to the nomination, yet no other member of the committee who favored the nomination made a motion to report it out, and certainly it was not incumbent upon him to make such a motion. As a Member of the Senate I want the matter to be thoroughly discussed. I want it brought before the Senate and then to let us vote in the light of the information which we will have when these questions are asked of Dr. Tugwell.

I do not understand why the distinguished leader on this side of the Chamber is opposed to having the nomination discussed and having open hearings with respect to it.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Arkansas?

Mr. BYRD. Certainly.

Mr. ROBINSON of Arkansas. I do not know how the Senator from Virginia justifies that declaration. I have been trying for a long time to get consideration of the nomination. It would have pleased me had the Chairman of the Committee on Agriculture and Forestry given opportunity for hearings on the nomination. But it was perfectly apparent to me that the chairman had made up his mind in his opposition to Tugwell that no hearings were to be had. The only way to get action was to make the motion I have made.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from South Carolina?

Mr. BYRD. I yield.

Mr. SMITH. At any time any member of my committee, during the time this nomination was before my committee, had moved that we take it up and have a hearing, I should have been delighted to have done it. I may state, in order that we can expedite matters, that I should be delighted to call the committee together and have one day at least when Senators may interrogate him. I should be willing to sit there all day for that purpose. That is a fair proposition.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Virginia yield?

Mr. BYRD. I yield.

Mr. ROBINSON of Arkansas. I inquire of the Senator from South Carolina whether he will agree that the nomination may be reported by his committee after such hearings as the committee may desire to have tomorrow?

Mr. SMITH. I will agree that my committee may meet and take such action as it sees fit. I have never coerced any member of the committee. I have never denied any member any freedom of action. The committee may take such action as it sees fit, provided it is understood we will call Dr. Tugwell before the committee and give Members of the Senate the right to interrogate him to determine whether he is fit to discharge the duty of the office or not. Then the committee can immediately take a vote, and whatever action the committee may take I, as chairman, will report it to the Senate.

Mr. NORRIS. Mr. President, who has the floor?

The PRESIDING OFFICER. The present occupant of the Chair will hold that if a Senator shall yield more than twice he loses the floor. He may yield for a question and for nothing else.

Mr. LEWIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Illinois?

Mr. BYRD. I yield if I do not lose the floor.

Mr. LEWIS. I am interested in the address of the Senator from Virginia and his discussion of certain alleged documents called "amendments." I take the word "amendments" to refer to amendments of legislation or to legislation. The construction of the able Senator from Virginia as to the meaning of amendments becomes exceedingly interesting to one who represents a great agricultural section such as I and my honorable colleague do. I ask the Senator from Virginia, whence came the amendments, if they are amendments to legislation in this body carrying such implications as the honorable Senator from Virginia suggests. May I ask for information, whence come the amendments, by whom offered, and from where?

Mr. BYRD. Mr. President, the amendments to the Agricultural Adjustment Act were prepared by the Department of Agriculture and were introduced in the form of a bill by the Senator from South Carolina by request, and the bill is now pending on the calendar of the Senate.

Mr. LEWIS. I thank the Senator for the information he accords me.

Mr. BYRD. Mr. President, I may conclude my remarks by saying that all I want is information as to Dr. Tugwell's attitude toward what I conceive to be the fundamental principles of our Government.

Mr. GORE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Oklahoma?

Mr. BYRD. I yield.

Mr. GORE. I rise to ask a question. Is the Senator a member of the Committee on Agriculture and Forestry?

Mr. BYRD. No; I am not.

Mr. GORE. I have in my hand an alleged address of Dr. Tugwell in which he is reported as saying, in effect, that the Constitution and statutes of the United States as they now exist will have to be dispensed with; in which he is reported as saying that business as it is now conducted will be required to disappear; in which he says in effect that the States will have to be abandoned as effective instruments of government before planned economy can be installed, and that the developments of a hundred years must be undone. He says that "All three of these wholesale changes are required by even a limited acceptance of the planning idea."

I intended to ask the Senator from Virginia whether it is his purpose, as a member of the Committee on Agriculture and Forestry, to interrogate Dr. Tugwell on those points. I should not care to do him an injustice. The report of the speech I have seems to be authentic. If the Senator from Virginia will permit, I will ask the Senator from South Carolina [Mr. SMITH] if that comes within the scope of his intended investigation.

Mr. SMITH. Yes, Mr. President.

The PRESIDING OFFICER. Does the Senator from Virginia yield for that purpose?

Mr. BYRD. I do.

Mr. GORE. I was asking whether it was the purpose of the Senator or the members of the committee to interrogate Dr. Tugwell in regard to these reported statements, because I do not wish to vote in the dark. I do not wish to subject him to any misrepresentations; but I do wish to know whether Dr. Tugwell, if confirmed, could take the oath required of him to support and defend the Constitution of the United States; and in taking the oath could do so in the language of the oath itself, "without any mental reservation or purpose of evasion."

Mr. BLACK. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. BLACK. I think it is rather serious for the Senator to make a statement of that kind without placing in the RECORD the speech to which he refers.

Mr. GORE. I shall be glad to do so. I agree with the Senator that the speech should be allowed to speak for itself, and I favor an investigation because I feel that Dr. Tugwell should be allowed to speak for himself.

Mr. BLACK. If that is a speech that was made by Mr. Tugwell, I think it should be placed in the RECORD, and a statement as to where it comes from. I have read Mr. Tugwell's books; I have read his speeches. I have never read any speech or any book which indicated any such thing as the Senator says.

Mr. GORE. Mr. President, at this point I ask unanimous consent to insert in the RECORD the speech to which I have referred, delivered before the American Economic Association in this city in December 1931, before Dr. Tugwell had been stabilized by responsibility.

Mr. BLACK. I have read that speech, and I do not interpret it as the Senator does.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oklahoma?

Mr. CONNALLY. I assume that it will appear at the end of the address of the Senator from Virginia, not in the middle of it.

The PRESIDING OFFICER. Yes. Is there objection to inserting in the RECORD the purported speech referred to by the Senator from Oklahoma? The Chair hears no objection. The speech will appear at the end of the remarks of the Senator from Virginia.

Mr. BYRD. Mr. President, I rose for the purpose of making clear my position in withdrawing a committal that I had made to support the nomination of Dr. Tugwell. I desire to say here that I do not wish to do him the slightest

injustice. If he can prove to my satisfaction that he believes in the oath I took when I became a Member of this body—namely, to sustain the Constitution of the United States—and if he will deny the statement which I have inquired about, namely, that he has usurped the authority of Congress, and taken upon the Department of Agriculture to do things not permitted by Congress, and is now coming before this body asking us to validate illegal acts of his Department—if he can convince me of that, I will rise on this floor and make an apology to him, and vote for his confirmation. If he cannot convince me of that, Mr. President, I intend to vote against him and oppose him with all the vigor I can, because I think he wants to destroy those things which I would die to preserve.

(The following is the speech referred to by Mr. GORE and ordered to be printed in the RECORD at the end of Mr. BYRD's remarks:)

THE PRINCIPLE OF PLANNING AND THE INSTITUTION OF LAISSEZ FAIRE
By Rexford Guy Tugwell, Columbia University

There can be no secure peace in the world so long as its peoples are divided among absolute sovereignties. The divergencies of purpose among them will always cause irritations which sometimes must fail to stop short of the ultimate compromise of war. Sovereign nationalities function in a wider field than industries do; there is, for all that, a useful analogy between them. For industry is also organized in independent units which possess many of the attributes of nations. They have a purpose which they pursue with zeal and foresight; they may pursue it in all essentials, and provided they can reach agreement quietly among themselves, with no governance save of their own making. These purposes being exclusive and single minded, and being carried out at the expense of competitors, frequently involve recourse to ultimate measures. These begin in the subtle fashions of diplomacy but often end in appeals to force.¹ All this is of the essence of laissez faire.

War in industry is just as ruinous as war among nations, and equally strenuous measures are taken to prevent it. The difficulty in the one case is precisely the difficulty in the other; so long as nations and industries are organized for conflict, wars will follow, and no elaboration of machinery for compromise will be altogether successful. There are vast, well-meaning endeavors being made in both fields which must necessarily be wasted. The disasters of recent years have caused us to ask again how the ancient paradox of business—conflict to produce order—can be resolved; the interest of the liberals among us in the institutions of the new Russia of the Soviets, spreading gradually among puzzled business men, has created wide popular interest in planning as a possible refuge from persistent insecurity; by many people it is now regarded as a kind of economic Geneva where all sorts of compromises may be had and where peace and prosperity may be insured.²

It is my belief that practically all of this represents an unconsidered adherence to a slogan, or perhaps a withdrawal from the hard lessons of depression years, and that it remains unrelated to a vast background of revision and reorganization among our institutions which would condition its functioning. Most of those who say so easily that this is our way out do not, I am convinced, understand that fundamental changes of attitude, new disciplines, revised legal structures, unaccustomed limitations on activity, are all necessary if we are to plan. This amounts, in fact, to the abandonment, finally, of laissez faire. It amounts, practically, to the abolition of business.

This is what planning calls for. In spite of its drastic requirements, it may be wanted by many people; most of us are not, however, entitled to the contemporary familiarity with which we toss about loaded phrases whose content is altogether unexplored. It is one thing to advocate a social change which is understood and wanted; it is quite another to consent to a movement whose implications are unexplored. These implications may change early consent to later and bitter opposition. This seems nearly certain to happen; the respectful assent which is commanded by the general proposals of the present is not to be

¹ We have a word in the United States which we apply somewhat indiscriminately to certain money-getting activities. We call them "rackets." The term implies quick, easy, or questionable profits, something unethical by ordinary standards; perhaps not always outside the law, but not very far within it. The racketeer has come to mean one who makes money questionably and unfairly by appeals to violence to enforce his will. It is, however, not infrequently difficult to discriminate between what is a "racket" and what is simply "business." There is a wide shadowed area in which what is legal and what is governed by violence are not at all clear. And, in fact, the processes of the law are sometimes forms of pressure difficult to dissociate from violence, particularly when official corruption is involved. There is some business which is clearly not of the racket sort and some which clearly is. But all too often the origin and aims of more respectable businesses are illuminated by appeals to pressures, to the corruption of officials, even to violence.

² J. H. Rogers' comment on the price system and the Russian alternative in America Weighs Her Gold, 174 ff.

counted on when action is required on more particular policies. For these will show quite clearly what sacrifices are required. Those who talk most about this sort of change are not contemplating sacrifice; they are expecting gains. But it would certainly be one of the characteristics of any planned economy that the few who fare so well as things are now would be required to give up nearly all the exclusive perquisites they have come to consider theirs of right, and that these should be in some sense socialized. In a romantic, risky, adventurous economy the business of managing industry can be treated as a game; the spoils can be thought of as belonging to the victor, as spoils have always belonged to victors. But a mature and rational economy which considered its purposes and sought reasonable ways to attain them would certainly not present many of the characteristics of the present—its violent contrasts of well-being, its irrational allotments of individual liberty, its unconsidered exploitation of human and natural resources. It is better that these things be recognized early rather than late.³

National planning can be thought of—in a technical rather than a political sense—merely as a normal extension and development of the kind of planning which is a familiar feature of contemporary business. It is not as a technical problem that the idea gives us pause; it is that the implications for other institutions, which we may suddenly see too late, are likely to cause us finally to hesitate and to turn aside from the severe logic of events. We have many illustrations of the extension of central-office control over numerous units of the same industry, and even over various units of different industries which contribute to one product, such as motors, tires, telephones, or radios.⁴ Even here technology has outrun institutional change. As Mr. Person puts it: "In the face of an integrating technology the Government has attempted to preserve primitive forms of competition." And, although so inevitable a movement could not be stopped, it could be hampered and distorted. We might have had some such form of organization as the German cartel system if we had not set out so determinedly, 40 years and more ago, to enforce competition.⁵ Instead, we have curious contrasts in procedure and strange monstrosities of form which can be understood only by reference to uneven and intermittent official displeasures. Our industrial structures are reminiscent of weeds grown in the dark, and even those new coordinative features, which have grown in the somewhat brighter twilight of mere suspicion, present strange and unnatural features to be understood only by admission that the functions they profess to be organized for are less important than those which are hidden and unprofessed.

Still, there are a few industries which are wholly integrated or nearly so; and there are many others where integration has gone much further than anyone is prepared to admit. The difficulty with such illegal or extralegal development is that it teaches conspiratorial management; its leaders come to view the Government and the public as fair objects of exploitation, since their own natural functions are so unjustly repressed. This is important for our purpose, because it has led business to represent itself as in some ways much more innocent and immature than it is; and at the same time has prevented the growth, in full light, of technical means of control. Trade associations—to illustrate—are permitted a certain liberty in "business activities"; but "observe that while those things which they may do tend to promote uniformity in details of productive technology and commercial practices, it is those things which they are not permitted to do which are essential to stabilization of an industry"—essential, also, it might be said, to developing such a scheme of "practice" as belongs properly to successful permanent control. We have, at once, illuminating public examples of successful planning, and a hidden development, on a vast scale, of techniques which ought to be brought into the open. But we have enough evidence to make it clear that no technical difficulty bars the way to national planning. What deficiencies follow from its hitherto partly underground growth will quickly enough be remedied under different auspices.

The real barriers are all of another sort. Compared with them, the difficulties of coordination within industry are as nothing. In

spite of our elaborate efforts of suppression there are highly integrated industrial organizations of vast size; if repressive efforts should cease, such working groups would spread quickly enough everywhere. The question is whether, up to this point, anything much more would have been gained. Perhaps some further economies would result both from more efficient management and from suppression of competitive wastes. But the essential problems would not have been solved. The paradoxes which face us would remain as unsolved as they were when Carlyle or Ruskin denounced the world which contained them or when Marx or George offered their hypotheses of cause and cure. All the essential conflicts would survive.⁶

It is impossible to pursue a discussion of planning beyond the most elementary considerations without raising the question of motive. Most economists, even today, believe that Adam Smith laid his finger on a profound truth when he said that not benevolent feelings but rather self-interest actuated the butchers and bakers of this world; most of them believe, furthermore, that this self-interestedness requires an economy in which profit is the reward for characteristic virtue and lack of it the penalty of sin. This belief must appear, from even an amateurish contact with modern psychology, to be so obviously an instance of wishful borrowing as to give its persistence something of a stubborn and determined air.⁷ For persons with the usual intellectual contacts of our time to go on harboring these views, there has to be some violent rationalization. Surely they must be aware of the growing average size of our industrial organizations; and from this it is a simple conclusion that fewer persons all the time are profit-receivers in any direct sense. Surely they must be aware of the growing separation of ownership and control;⁸ and from this it seems a fairly simple inference that since profits go only to owners, control is effectively separated from its assumed motive. As a matter of fact, how many railway men, steel workers, or even central-office employees have any stake in company earnings? We know that there are almost none, and that this is true from workman to superintendent in most industries. Yet in defiance of such well-known and obviously relevant facts we go on treating motives quite as though our knowledge of men and of industry had been derived from a few eighteenth-century books rather than from any contemporary knowledge of the world and of men. The truth is that if industry could not run without this incentive it would have stopped running long ago.

It is even arguable that profits, instead of furnishing an indispensable actuating principle, tend to inject into industry many of those elements of uncertainty which we as economists unanimously deplore. For, being at the disposal of directorates largely divorced from productive operations, they are set aside as surplus reserves. These are intended as dividend insurance, though the intention may not result in accomplishment. But at the same time they clearly produce insecurity everywhere else.⁹ They are optimistically used for creating overcapacity in every profitable line; they are injected into money-market operations in such ways

³ Only if we actually reach this point shall we discover lessons in contemporary Russian practice. But many observers are recording carefully the experience there which may later on be of assistance to us. Cf. for instance, my *Experimental Control in Russian Industry*, *The Political Science Quarterly*, June 1928. Also Hinrichs and Brown, *The Planned Economy of Soviet Russia*, *The Political Science Quarterly*, September 1931.

⁴ There have been some strenuous attacks on the economists' naïve view of human nature. Cf. Carleton H. Parker, *Economic Motives*, *American Economic Review*, sup. 1, 1918, p. 212, later published in *The Casual Laborer and other Essays*, 1920; Paul H. Douglas, *The Reality of Non-Commercial Incentives in Economic Life*, published in *The Trend of Economics*, 1924; A. J. Snow, *Psychology in Economic Theory*, *Journal of Political Economy*, Aug. 1924; *An Approach to the Psychology of Motives*, *American Economic Review*, sup. 1, 1925, and the first chapter of his book, *Psychology in Business Relations*; R. G. Tugwell, *Human Nature and Economic Theory*, *Journal of Political Economy*, XXX, 317, and *Human Nature and Social Economy*, *Journal of Philosophy*, XXVII, 418; Charles Horton Cooley, *Human Nature and the Social Order*.

⁵ How serious and extensive this separation has come to be is just being revealed. Mr. W. Z. Ripley has referred to the problem. But the most extensive exposé is that of Mr. Gardiner Means in *The Separation of Ownership and Control in American Industry*, the *Quarterly Journal of Economics*, XLVI, 68-100, November 1931. Mr. Means is of the opinion that separation has gone so far that identification of ownership and management is no longer a tenable working concept. One of his most interesting exhibits is that of the Pennsylvania Railroad Co. "Not a single director or officer held as much as 0.1 of 1 percent of the total stock. The combined holdings of all the directors could not have amounted to more than 0.7 of 1 percent and were presumably very much less." Where is the profit incentive to enterprise here? There is none, obviously, which is directly connected with the railroad. There may be speculative profits from being a director, but that is another matter and is scarcely concerned with management, even remotely.

⁶ Profits which are insured can hardly be useful as motives. Businesses by setting up these accounts seek to make certain that this reward will be paid whether or not the activity for which it is paid is carried out. This is only one more instance of the many to be discovered in actual business practice which contradict the claims made for profits as universally necessary motives.

⁷ Mr. Ford Hinrichs has called attention to the mutually exclusive nature of some of the objectives simultaneously entertained by many of our business leaders who praise the idea of planning (*The Atlantic Monthly*, July 1931).

⁸ Cf. Mr. Willard Thorp's familiar census monograph, *The Integration of Industrial Operation* (1924). Also his contribution to recent economic changes, *The Changing Structure of Industry* (1929). There are numerous relevant passages in the monograph prepared for the World Social Economic Congress by Mr. H. S. Person and published as document 1 of section 11 (1931).

⁹ It is possible that not the cartel but the integrated, single-ownership enterprise might more readily develop in America. Mr. Domeratzky has shown the difficulties which attend the cartel organization; he appears to feel, after much consideration, that the cartel is rather a temporary device between small enterprise and industrial monopoly, not particularly well suited to other purposes than the limitation of production and the allocation of markets. Mr. Domeratzky develops these ideas in *Cartels and the Business Crisis*, in *Foreign Affairs* for October 1931, p. 34 ff., as well as in earlier writings.

¹⁰ H. S. Person, *Scientific Management as a Philosophy and the Technique of Progressive Industrial Stabilization*, *World Social and Economic Congress*, 1931, doc. 1, sec. 11, p. 42.

as to contribute to inflation; they are used, most absurdly of all, as investments in the securities of other industries.¹¹

If profits are really the actuating motive in modern enterprise, why is it that so great a proportion of them go to those who have no share in the control of operations, and why is it that industry continues to run even when those who run it have no major stake in its gains? But most important of all, if profits are so important to our system, why do we allow them to be used in such ways as not only to destroy the source of future earnings but to create unemployment and hardship among millions of people whose only contact with them in any form has been through reading about them in newspapers?

It is clear that this institution does not, in any real sense, actuate our productive equipment. Furthermore its malign influence is reasonably obvious. Why is it, then, that we protect and argue for it with a violence and persistence out of all proportion to the gains we may expect? Because, it seems to me, we are not genuinely interested in security, order, or rationality. Profits, in the sense in which we use the term, belong to a speculative age, one in which huge gambles are taken, and in which the rewards for success may be outstanding.¹² When we speak of them as motives, we do not mean that the hope of making 4 percent induces us to undertake an operation; we mean that we hope for some fabulous story-book success. These vast gambling operations are closer to the spirit of American business even yet, with all the hard lessons we have had, than are the contrasting ideas which have to do with constructive restraint and social control. In fact, our business men have only a rudimentary conception of industry as a social function, as carrying a heavy responsibility of provisions. Industry is thought of rather as a field for adventure, in which the creation of goods is a minor matter. Who among our millions of Wall Street amateurs hopes merely for dividends on his investment? Or who thinks of the securities he buys and sells as having anything to do with an economic function?

The truth is that profits persuade us to speculate; they induce us to allocate funds where we believe the future price situation will be favorable; they therefore have a considerable effect on the distribution of capital among various enterprises—an effect which seems clearly enough inefficient so that other methods might easily be better; but they have little effect in actually inducing or in supporting productive enterprises. All this appears merely from examination of the evidence available to us as economists; if we look into the evidence from the field of psychology, one of the first things we discover is that this main supporting generalization—that the only effective motive for enterprise is money-getting—appears in the psychologists' works as a standard humorous reference to the psychological ideas of laymen.¹³

It would be untrue to maintain that profits do not supply one kind of motive for economic activity. Business, as we know it, is perhaps chiefly interested in them. This is to emphasize, however, the speculative rather than the disciplined aspects of production. To say that this is one of the institutions which will have to be abandoned if planning is to become socially effective is to make a sharp distinction among the effects to be expected from dependence upon alternative motives. There is no doubt that the hope of great gains induces enterprise of a sort; and if these are disestablished, a certain kind of enterprise will disappear. The question is whether we can well afford to dispense with it. It seems credible that we can. Industries now mature can be seen to operate without it; and new ones might be created and might grow from sheer workmanlike proclivities and without the hope of speculative gains.

As we look back at our present system from some time in the future it will be much clearer to us what kind of activities actually we induced by this incentive. At present it is possible to

¹¹ Surely the word "absurd" is not too strong. For a business to use its earnings to secure future earnings, not by increasing its own productivity, but by seeking to get dividends from other businesses, is to reduce profit making to something less social, even, than entrepreneur business. Why should the allocation of our capital resources be at the disposal of enterprises which use them as a form of insurance for their own future profits, and, as a means to this, allocate capital to other enterprises? It would be difficult to devise a mechanism less relevant to the social purpose of capital.

¹² Cf. the discussion of this matter in Mr. John Dewey's *Human Nature and Conduct*.

¹³ In Charles Horton Cooley's *Sociological Theory and Social Research* there is an old essay of his on "Personal Competition" which contains some trenchant remarks about motive. In it he shows how our standards of success have been warped and the need there is for social approval of different activities than command it now. A final paragraph sums up the matter: "It will be apparent, I think, that the view regarding the nature of success here maintained is decidedly a hopeful one so far as concerns the possibility of progress, and wholly opposed to the pessimistic attitude based on the supposed 'selfishness' of human nature and the inevitable predominance of the economic motive. The motive that really predominates, now as in the past, is essentially social and moral; it is the desire to be something in the minds of others, to gain respect, honor, social power of some sort. This being the case, human endeavor is above all things plastic, controlled by the spirit of the age. The standard of success, and with it the whole character and tendency of competition, is a social or moral phenomenon accessible to human endeavor."

suspect that the decay of the gain-getting motive as an inducement to productive enterprise may have been accompanied by its transfer to essentially antisocial activities. Corporation officers pay too little attention to their duties and too much to the ticker tape; inside rings exploit the businesses under their control; market cornering and supply limitation become favorite methods of gain-getting. All these and a thousand other activities have far less to do with the productivity of our system than is implied in our easy explanation that gains are the reward for initiative and enterprise and are necessary to call them out. A large share of the initiative and enterprise thus called out might better, perhaps, have been left uncalled, since it obstructs rather than facilitates; we count it good, however, since we reason backward also. Profits are necessary to call out enterprise, we say, but we then say enterprise called out by profits is necessary, which is not true at all. Nor are they always used advantageously.

Most of us ought not to have been quite so free in our predictions that the institutions of Soviet Russia would break down from a failure of motive. Yet some of us have gone on saying that even in the face of evidence. Not more than a month ago a past president of this association assured me again, as he had done before, that here was the source of weakness which must finally ruin all the Russian plans. There are numerous difficulties there, plenty of chances for failure; but the failure of non-commercial motives cannot honestly be said, at this late date, to be one of them. Nor is this a source of necessary alarm—any more than the technical difficulties need be concerning any planned economy we may devise. It ought rather to be a source of wonder that a society could operate at all when profits are allowed to be earned and disposed of as we do it. The hope of making them induces dangerous adventures, more speculative than productive, and the uses to which they are put are a constant menace to general security. These conclusions only become clearer as time goes on, yet no movement to limit them or to control their uses has made headway among us.¹⁴ If there had been a more wide-spread suspicion of this sort over some period of time, there would be more reason to expect success for proposals looking toward a profitless regime. The universal confidence in profits, still unshaken in the western world, is quite likely to hinder measurably the advance of planning.

A central group of experts charged with the duty of planning the country's economic life, but existing as a suggestive or consultative body only, without power, has been advocated by numerous persons and organizations.¹⁵ It is quite impossible to visualize

¹⁴ This broad statement would need to be modified in the case of some quasi-public businesses. The Transportation Act dealt with the problem of railroad profits. In certain other ways we sometimes limit the uses of surplus reserves. The part played by these in the call-money market during 1928 and 1929 is now well known. In October of 1929 loans for others reached a peak of nearly four billion dollars. These loans, of course, were induced by high call-money rates and were unaffected in any direct or effective sense by Federal Reserve discount policies. It was thus the profits of the previous prosperity period which were used to support security inflation. When this crashed so disastrously, profits were made insecure for some time to come. Evidently this is a bad way to use profits even from the point of view of profit makers. This was recognized by the New York Clearing House Association in 1931. An amendment to the constitution now prohibits member banks from placing brokers' loans for account of nonbanking interests. Other associations may follow. Perhaps the New York association was led to take this action by the withdrawal rather than the injection of these funds into the speculative markets. For these loans for others were reduced from nearly 4 billion dollars in 1929 to 162 million dollars in 1931, thus contributing to disastrous deflation instead of helping to ease down immoderate inflation. Whatever the motive, however, the action of the clearing house association is a recognition that the use of undistributed profit-funds must be controlled. Any system of planning would have not only to hedge them about with restrictions, but to direct their uses, if, by that time, it had not been made impossible for them to be accumulated.

¹⁵ For instance by Mr. Gerard Swope, of the General Electric Co., also by the committee on continuity of business and employment of the Chamber of Commerce of the United States. Mr. Sumner H. Slichter discusses the problem in his *Modern Economic Society* but is under no illusions whatever as to the likely results. He does not think it worth while even to consider the possibility of institutional changes which would implement the findings of such a body; and it is perhaps true that even a moderate maintenance of prosperity would prevent such a development. There may come another time, of course, such as occurred in 1914-18 when all institutions are melted in disaster so that they may be refashioned after quite unfamiliar designs. The theoretical temper of our time would certainly favor central planning as the heart of any newly devised scheme of control. The Swope plan evidently originated in the concern of a sensitive executive for the employees of his company. It is interesting that this typical business document should have arisen out of a particular problem and have proceeded to the consideration of general relationships only reluctantly and partially. Mr. Swope understood that if his employees were to have even a measure of his own security and confidence in the future there must be a stability which its most enthusiastic defender would not claim

a genuine Gosplan without power; but, of course, this is not to be a Gosplan. It might lay out suggested courses; it might even timidly advise, but certainly its advice would seldom, if ever, be taken. It would be as unnatural for American businesses, which live by adventures in competition, to abdicate their privileges voluntarily, as it is to expect rival militarists to maintain peace, and for the same reasons. If an institution of this sort could not be used as a mask for competitive purposes or as a weapon to be used against more scrupulous rivals, as the Federal Trade Commission has sometimes been, it would quickly gather about itself a formidable body of enemies armed with tried theoretical objection as well as real power. The chief concern of militarists must always be to maintain the conditions of war; and the chief concern of essentially speculative businesses must always be to maintain the conditions of conflict necessary to their existence. The deadliest and most subtle enemy of speculative profit-making which could be devised would be an implemented scheme for planning production. For such a scheme would quiet conflict and inject into economic affairs an order and regularity which no large speculation could survive. Every depression period wears us with insecurity; the majority of us seem all to be whipped at once; and what we long for temporarily is safety rather than adventure. Planning seems at first to offer this safety and so gains a good deal of unconsidered support. But when it is discovered that planning for production means planning for consumption too; that something more is involved than simple limitation to amounts which can be sold at any price producers temporarily happen to find best for themselves; that profits must be limited and their uses controlled; that what really is implied is something not unlike an integrated group of enterprises run for its consumers rather than for its owners—when all this gradually appears, there is likely to be a great changing of sides.

Strange as it may seem—directly antithetical to the interests of business and unlikely to be allowed freedom of speech, to say nothing of action—it seems altogether likely that we shall set up, and soon, such a consultative body.¹⁰ When the Chamber of Commerce of the United States is brought to consent, realization cannot be far off.¹¹ It seems to me quite possible to argue that, in spite of its innocuous nature, the day on which it comes into existence will be a dangerous one for business, just as the founding day of the League of Nations was a dangerous one for nationalism. There may be a long and lingering death, but it must be regarded as inevitable. Any new economic council will be hampered on every side; it will be pressed for favors and undermined by political jobbery. It will not dare call its soul its own, nor speak its mind in any emergency. But it will be a clear recognition, one that can never be undone, that order and reason are superior to adventurous competition. It will demonstrate these day by day and year by year in the personnel of a civil service devoted to disinterested thinking rather than romantic hopes of individual gain. Let it be as poor a thing as it may, still it will be a constant reminder that once business was sick to death and that it will be again; that once the expert is applied for, his advice must be taken or refuted. Even if it does so little, and that so badly, as hardly to exist at all, it will still have had a different

for it now, in the whole structure of industry. No one business, Mr. Swope saw, could achieve it alone. There must be common action throughout entire industries. Beyond this, he made only the suggestion of supervision by a public body. The chamber of commerce committee report on continuity of business and employment recommended certain long-time measures as likely to assure relief from recurrent depression. The central problem was formulated as "The establishing of a better balance between production and consumption." It is seen that this must mean the restraint of certain liberties: "A freedom of action which might have been justified in the relatively simple life of the last century cannot be tolerated today, because the unwise action of one individual may adversely affect the lives of thousands. We have left the period of extreme individualism and we are living in a period in which national economy must be recognized as the controlling factor." This might be thought to be the prelude to suggestions for rigorous control. But what follows is only a suggestion for a national economic council with advisory duties. Furthermore this is not to be a governmental body but one responsible to the chamber of commerce.

¹⁰ Mr. L. L. Lorwin distinguishes four possible types of these bodies which he calls: (1) The absolute socialist type, (2) the partial state-socialist type, (3) the voluntary-business type, and (4) the social-progressive type. I have not thought it necessary to follow this distinction very closely, though it is helpful as a guide to the present large output of plans, because it seems to me quite clear, for reasons I develop, that they all come to the same thing—or will not work. There is really very little choice in the long run; our industrial technique is very fully developed and it is of a certain sort and not otherwise. Any plan must contain and complete it or it will fail. We might once have had the choices suggested by such a classification. We no longer have them.

¹¹ Committee on the Continuity of Business and Employment, Rept. No. 12. Most industrial leaders, with a few notable exceptions, favored the La Follette bill in its Senate hearings. This would, of course, set up a fairly harmless advisory body. But, in contrast to the chamber of commerce recommendations, it would be an organ of government.

purpose: the achieving of order. And not improbably it will have been demonstrably wiser than the powers which will be creating the events surrounding it.¹²

These will, however, be the only ways in which the qualities of a planning body will be able to show themselves. It will be unable to act, and therefore unable to eliminate uncertainties; uncertainties make prediction impossible; and planning is a process of predicting and making it come true, not merely a matter of advising voluntary groups. Mr. Slichter is quite justified in pointing out that no scheme we are likely to adopt would be able to do its work effectively. He asks, for instance: "Could it prevent depressions? Could it prevent the great overdevelopment of industries? If a council had been in existence as early as 1920, could it have checked the great overdevelopment of the textile industry, the shoe industry, the coal industry, the petroleum industry, the automobile industry, and others? Could it have solved the farm problem? Could it have prevented the depression of 1930, or substantially reduced the severity of the depression? Could it have prevented our foreign trade from being injured by a general upward revision of the tariff in 1920?"¹³ And he is certain that the answer to all these questions is "no."

The answer has to be "no" because the necessary conditions of planning are not established by any "purely advisory National Economic Council." An advisory council might guess, but it could not plan; and the difference between guessing and planning is the difference between *laissez faire* and social control. Under the institutions of *laissez faire* the sole uses of such a body will be to lead us slowly, by precept and demonstration, toward a less uncertain future. It seems improbable that this will be other than a very reluctant and grudging change.¹⁴

¹² Hearings on the La Follette bill to establish such a national council have shown something, in spite of the reticence of business leaders, concerning attitudes. They are willing, just now, to try anything, but are not hopeful of results. Mr. Sloan, for instance, asked whether he would endorse the idea of a council, answered that, in his opinion, "We wouldn't get very far. There is too much individuality in business. I don't think we have reached the point where individual manufacturers will give up something for others." And he went on to say that the economic council idea, would in its final form result from evolution and experience. Mr. Wiggin, on the same day, Oct. 30, 1931, as reported in the New York Times, answered Senator La Follette's question, "You think, then, that the capacity of human suffering is rather unlimited?" by saying, "I think so." He was asked whether he thought a council could have had any effect in checking the excessive expansion of 1929 and replied, "I don't think so." "Then," said Senator La Follette, "I take it you believe that there is nothing which can be done which will be effective in saving us from these great fluctuations in business activity which we have been experiencing?" Mr. Wiggin answered, "I do not think so. A man only lives so many years, and his experience only lasts with him so many years. New generations succeed and they will make the same blunders. * * * Human nature is human nature. Lives go on so long as business activity goes on and we are bound to have conditions of crisis once in so often. You may learn from each one how to avoid that particular difficulty the next time, but you are always going to have, once in so many years, difficulties in business, times that are prosperous and times that are not prosperous. There is no commission or any brain in the world that can prevent it. I believe that Mr. Wiggin was right and extraordinarily honest. No commission, no brain could prevent crisis in business; which is why business is slowly being condemned, and new schemes are being considered for taking over its function."

¹³ Sumner H. Slichter, *Modern Economic Society*, p. 876.

¹⁴ For many years I was puzzled to know why so much opposition to any extension of Government functions existed. It was only gradually and with patient inquiry that I satisfied myself. The reason was that business kept any government corrupt that touched it anywhere. This seemed to be a part of the business system, no more considered wrong by business men than ordinary buying and selling. And wise observers who had seen it going on always and everywhere had concluded that it was of the nature of government to be corrupt and inefficient and that no really important matters, such as economic functions, ought ever to be trusted to it. A longer time still was required to reach the conclusion that all these wise men were wrong about causes. And because they were wrong about this their whole thinking was askew. The trouble lay in the nature of business, and so long as business was left unchanged as to motive and method it would continue to corrupt every government it touched. But it could not be reasoned that, because business had paralyzed governmental organs, governments were inherently bad and ought never to be trusted. Revise business; arrange things so that man's capacity to corrupt the public services is seriously limited or removed, and then, only then, we shall have a chance to see whether the public interest, as over against private interests, could command effective and honest service. From what I know of human nature I believe that the world awaits a great outpouring of energy as soon as we shall have removed the dead hand of competitive enterprise that stifles public impulses and finds use only for the less effective and less beneficial impulses of men. When industry is government and government is indus-

In another place I have pointed out the analogy between the serialization of machines within a factory and the development of a continuity of process throughout industry. The one instance is that of machine linked to machine until the series is finally complete; the other instance is that of process linked to process until a strong web of dependence and contract is completely woven. The analogy can be pursued further. One of the features of recent industrial history, which found us altogether unprepared, was the astonishing capacity for production which seemed suddenly to show itself everywhere in the twenties. Its sudden unexpected appearance has led to absurd and ludicrous subterfuges; even economists have not been entirely innocent of these. I had supposed that one of the stock illustrations of economic fallacy, one which could always be depended on, would continue to be the one which illustrated the futility of making work. Numerous varieties of this old common-sense error have suddenly become respectable in recent months. We have all been asked to assent to the necessity for the stretch-out, for reducing hours of work in the day and even days in the week; we have even heard arguments against efficiency and mechanization; and whole cities and States have gone frankly into efforts for making work. Most economists have either kept silent or have contented themselves with mumbling something about long and short runs.

This confusion is the natural result of our lateness in bringing the science of economics even to the observational stage. If we have been watching, describing, analyzing industry as we should, we must have known that the greatest economic event of the nineteenth century occurred when Frederick W. Taylor first held a stop watch on the movements of a group of shovelers in the plant of the Midvale Steel Co. And we must have understood, when *Shop Management* was published in 1903, that, perhaps a generation later, the world could be overwhelmed with goods. Taylor had already done his greatest work by then, and notice of it had been sufficiently public if there had been economic ears to hear. Instead of that, writing and teaching went on undisturbed, the subject matter becoming more and more traditional. Perhaps most ironical of all, in view of the coming surplus, was all the emphasis on laws of diminishing returns and the limited number of seats at nature's table. The forces which were to make the future went unnoticed.

The world is paying now for this dogmatic dream of the economist. And we seem not to have discovered even yet the sources of these floods of goods; we have no idea how they can be regularized and made available to consumers; we have no notions, beyond the foolish and despairing ones which we ourselves reject in ordinary times, what our policies ought to be in days of disaster. We have talked freely about the failure of business men and statesmen; it is time we accepted our share of the responsibility.

If we had had eyes to see the implications of Taylor's work we should have known that the vast expansion of production which must follow would clog all the old channels of trade, swamp the mechanisms of an artificially limited commerce, and end in a period of violent reconstruction. Some of the sufferings of the present might possibly have been avoided. We failed to understand because our eyes were blind to the technology which was revolutionizing the materials of our science. It is important that this should not continue to occur; it will not if we agree that economics is an observational, even if not yet an experimental, science, and if we hereafter agree to search out the consequences of technological change.

When Taylor reduced human working motions to defined elements, they were then of the sort that machines could perform; when machines took over these simplified tasks, one by one, there came a time in every process when the speed and rhythm of the whole was still dictated by a few, or even one, unmechanized task which men must still perform. Human failure periodically disrupted such a plant, there was blocking and choking, confusion and disorder, until a period of slackening and slowing started things going again. But when this last gap between machines had been closed, the whole process could be thought of in new and revolutionary ways. Nothing but product and costs counted any more; men as workers no longer dictated; and there was an end to confusion, and to periodic disruption. The revolution of our industry still lingers in this stage; not all our processes have discovered this final efficiency. But it will not linger there for long. The clearing away of the present debris and the years of expansion to come will surely witness the emergence of this new technology, matured and pervasive. Shall we be unready for the floods of still cheaper goods?

The changed attitudes and rhythms which follow the completion of machine series within the factory are quite like those which may take place in another area. Industry after industry may follow the half-dozen now fairly rationalized; each may use in its own plants the new technology of work-elimination; each may solve its own problems of control and coordination. But it will all end again in just such a disaster as we are struggling

try the dual conflict deepest in our modern institutions will be abated.

This is one of the basic reasons why the prospect of a planned economy is so congenial to every other hope and belief I have. I can see in it the eventual possibility of a rewarded honesty for every man which so few have now. And this can come only from a removal of the activities of goods-making and goods-selling from the list of those activities which are treated as games and rackets with few rules, no ethics, no limitation of instruments to be used, and rewards only for results which in the nature of things must involve social harm.

through now unless we take the final step of linking each to each. Unless we learn that the structure and rhythm of *laissez faire* are inconsistent and anachronistic concomitants of such technology as soon will infuse the industrial process, confusion and disorder will prevail whenever the wilful pursuit of business privileges, as we still know them, chokes the smooth interchanging flow logically belonging to the system of industry, but never yet achieved by human management.

It is necessary to realize quite finally that everything will be changed if the linking of industry can finally be brought to completion in a plan. It was a reluctant and half blind step which led one executive after another to complete the serialization of his machines. And even then he was sometimes astonished at the results. This new undertaking is vaster; it requires a new and complicated technology which is not yet wholly invented; and it follows not from one executive's decision, but from a thousand preliminary consents, abdications, and acceptances of responsibility. Yet to enter upon it would be to take but a single short step from where we are; the most momentous and final, but still a short one. We have traveled a long road to this threshold we now consider crossing.

The setting up of even an emasculated and ineffective central coordinating body in Washington will form a focus about which recognition may gradually gather. It will be an action as significant as the first observations of Taylor; and it can lead eventually to the completion and crowning of that genius' work. The major subject matter of economics during the next few years might well be a particularizing of the implications of this. For we have a century and more of development to undo. The institutions of *laissez faire* have become so much a part of the fabric of modern life that the untangling and removing of their tissues will be almost like dispensing with civilization itself. We shall all of us be made unhappy in one way or another; for things we love as well as things that are only privileges will have to go. The protective vine makes the ruined wall seem beautiful; we dislike abandoning it for something different. But we shall have to see, no doubt, a wholesale sacrifice of such things, like it as little as we may.

The first series of changes will have to do with statutes, with constitutions, and with government. The intention of eighteenth and nineteenth century law was to install and protect the principle of conflict; this, if we begin to plan, we shall be changing once for all, and it will require the laying of rough, unholy hands on many a sacred precedent, doubtless calling on an enlarged and nationalized police power for enforcement. We shall also have to give up a distinction of great consequence, and very dear to many a legalistic heart, but economically quite absurd, between private and public or quasipublic employments. There is no private business, if we mean by that one of no consequence to anyone but its proprietors; and so none exempt from compulsion to serve a planned public interest. Furthermore, we shall have to progress sufficiently far in elementary realism to recognize that only the Federal area, and often not even that, is large enough to be coextensive with modern industry; and that consequently the States are wholly ineffective instruments for control. All three of these wholesale changes are required by even a limited acceptance of the planning idea.

Planning is by definition the opposite of conflict; its meaning is aligned to coordination, to rationality, to publicly defined and expertly approached aims; but not to private money-making ventures; and not to the guidance of a hidden hand.²¹ It is equally true that planning in any social sense cannot leave out of its calculations any industry or group of industries and still remain planning. To do so would be to expose the scheme to the very uncertainty which is sought to be eliminated and to concentrate its advantages in the hands of the noncooperators. It would be easy for any free industry to erect an empire if all or even many of the others were restricted. It will be required, furthermore, in any successful attempt to plan, that the agency which imposes its disinterested will on industry, must equal, in the area of its jurisdiction, the spread of the industry. Planning will necessarily become a function of the Federal Government; either that or the planning agency will supersede that government, which is why, of course, such a scheme will eventually be assimilated to the State, rather than possess some of its powers without its responsibilities.²²

The next series of changes will have to do with industry itself. It has already been suggested that business will logically be required to disappear. This is not an overstatement for the sake of emphasis; it is literally meant. The essence of business is its free venture for profits in an unregulated economy. Planning implies guidance of capital uses; this would limit entrance into or expansion of operations. Planning also implies adjustment of production to consumption; and there is no way of accomplishing this except through a control of prices and of profit margins. It would never be sufficient to plan production for an estimated demand if that demand were likely to fall for lack of purchasing

²¹ "The *laissez faire* of the nineteenth century was based upon a metaphysics of providential guidance. The planning of the twentieth century rests its case on a philosophical faith in the power of man to promote orderly economic and social change."—L. L. Lorwin.

²² I mean, of course, that only government, in the widest sense, can protect and foster the arts, education, and other similar interests which compete with industry and would do so more formally under any planned division of the national income.

power.²³ The insurance of adequate buying capacity would be a first and most essential task of any plan which was expected to work. To take away from business its freedom of venture and of expansion, and to limit the profits it may acquire, is to destroy it as business and to make of it something else. That something else has no name; we can only wonder what it may be like and whether all the fearsome predictions concerning it will come true. The traditional incentives, hope of moneymaking, and fear of money loss, will be weakened; and a kind of civil-service loyalty and fervor will need to grow gradually into acceptance. New industries will not just happen as the automobile industry did; they will have to be foreseen, to be argued for, to seem probably desirable features of the whole economy before they can be entered upon.

This sweeping statement of the logic of planning is simply an attempt to foresee what our economic institutions will be like if we adopt the planning principle. We shall not, we never do, proceed to the changes here suggested all at once. Little by little, however, we may be driven the whole length of this road; once the first step is taken, which we seem about to take, that road will begin to suggest itself as the way to a civilized industry. For it will become more and more clear, as thinking and discussion centers on industrial and economic rather than business problems, that not very much is to be gained until the last step has been taken. What seems to be indicated now is years of gradual modification, accompanied by agonies and recriminations, without much visible gain; then, suddenly, as it was with the serialization of machines, the last link will almost imperceptibly find its place and suddenly we shall discover that we have a new world, as, some years ago, we suddenly discovered that we had unconsciously created a new industry.

These struggles and changes may seem to the future historian who looks backward like the purposive journey of a seedling toward the light. The seedling could not see or feel that light; it merely obeyed its nature. If only society had a greater and more widely diffused power to comprehend and pursue the purposes of its nature, we should save ourselves the great waste of energy which goes into opposing and regretting change. The difficulty with this is that society is not an organism; that it has no discoverable nature to obey; that there are no natural requirements for its development. We are not going anywhere; we are merely on the way. For this lack of the purpose, which nature kindly supplies to her lower organisms, society must substitute plans born of intellectual effort, and imposed by awkward democratic devices. This is a hard condition for human nature. We have no great gift for shaping our behavior in accordance with large aims, and no great gift either for tolerating the necessary disciplines. It has been by a series of seeming miracles that we have acquired the technique of control and the industrial basis for economic planning. The still further, perhaps greater, miracle of discipline is needed.

It is perhaps no accident that planning has recently become a center of discussion in economic affairs in substitution for *laissez faire*. Changes in contemporary philosophy have prepared the way. Chance has substituted itself for the anthropomorphic interpretation of history as a causal sequence. Even the evolutionary principle has the defect, in social history, of making the present seem to have been what we were struggling for. Of course, we were not trying to attain any of the institutions we have.

²³ The chief instruments which have been able to develop, under *laissez faire*, toward order and regularity, have been those "trade associations" referred to before. They serve as illustrations both of the possibilities and the limits our system offers. For, as Mr. Soule has pointed out, they lead to contraction and limitation but offer nothing in the way of enlarged ways of living. If we were to pursue the logic of this development, we should have industries organized; we should have control established over production and price. So far the results would doubtless be good. But we should also have production limited to the amounts which would regularly be absorbed by consumers at prices dictated neither by a constant ratio to costs nor social need for the goods, but only by the industry's conception of its own best interests. This will never be good enough in any social sense to command permanent assent. Besides, the profit fund will always, after a period of expansion, find itself embodied in overbuilt enterprises whose goods cannot be sold. In spite of these obvious difficulties this is doubtless the direction of our development. Mr. F. M. Feiker, of the Bureau of Foreign and Domestic Commerce, speaking on November 30 before an organization of brokers, referred to the well-known fact that his Bureau was already cooperating with 142 associations to assist them in planning. He even implied that his Department might soon suggest a plan for industry as a whole. To one whose mind is free of *laissez faire* dogma the peroration of this address must seem to furnish a curious nonsequitur to its general implications. For, after referring to the many approaches to planning in individual industries, and saying something indefinite about a general plan, he finished in this way: "This program must conform to the fundamental American principle of individual initiative and individual achievement for individual reward. It cannot be imposed by fiat or decree. It must in the end rest upon the intelligence and ingenuity of the American business man. Economic planning by *ukase* is not for us." Having achieved the feat of getting the word "individual" into one sentence in three places, and having eliminated experts in favor of business men, he thus was able to point to a highly expert and carefully socialized effort of the Government as after all quite harmless and ineffective.

They resulted from the chance conjunction of changes. Only the backward look, determined by the view from some contemporary hillock, gives history a meaning. We have, nevertheless, as we are just now dimly beginning to see, the possibility, in a world of discontinuous development and chance combination, of producing a new history guided quite consciously toward foreseen ends.

There is something hostile to mankind in the cold notion of a world which progresses toward unseen ends, regardless of human desires. So long as it was possible we tried to delude ourselves, on one way or another, that purpose existed and that it had a definite reference to mankind. All that comfort is torn away now; and we remain poor, inconsequent creatures exposed to chance developments which are neither kind nor unkind with reference to ourselves, but simply impersonal. It is perhaps characteristic of human nature that we should reject such a view until it became intellectually impossible to cherish our delusions further; and that we should then turn to the only alternative. If there is no order and sequence in events, if the world is indifferent to man, we still remain men. It is perhaps the most magnificent of all human gestures to accept inconsequence and to set out determinedly to bring order out of chaos. I do not regard it as settled that the world is ready, yet, for creating its future according to a determined purpose.²⁴ But we are at the point where discussion of this possible mastering of future history is beginning to assume practical aspects; and there is undoubtedly some need for haste if change is to come peaceably. It is my view that the prospective discussion ought to be carried out with a clear view of its philosophical implications and of its institutional requirements. If we accept the principle of planning we must accept its implied destruction of the structure of a *laissez faire* industry.

It is, in other words, a logical impossibility to have a planned economy and to have businesses operating its industries, just as it is also impossible to have one within our present constitutional and statutory structure. Modifications in both, so serious as to mean destruction and rebeginning, are required. It is strange, in a way, that we should have come so long a journey to the very threshold of this new economic order with so little change as is yet visible either in our institutions or our intentions. The reason must be that in this, as in so many instances, only the last steps become conscious. We are incorrigibly averse to any estimate of the logic of our acts; and we are also, somewhat paradoxically, fonder of our systems of theory than might be expected, reluctant to expose them to the tests of reality. Consequently we begin with small unnoticed changes and end by not being able to resist vast and spectacular ones—at which time our systems of theory tumble unwept into the grave along with the outworn techniques they accompanied. When this kind of thing follows a relatively unimpeded course there is rapid industrial change such as once happened in England; when politicians, theorists, and vested interests resist too strenuously, there is a revolution on the French model. How rapidly the pressures rise to explosive proportions depends both upon the visibility of a better future and upon the hardships of the present.

There is no denying that the contemporary situation in the United States has explosive possibilities. The future is becoming visible in Russia; the present is bitterly in contrast; politicians, theorists, and vested interests seem to conspire ideally for the provocation to violence of a long-patient people. No one can pretend to know how the release of this pressure is likely to come. Perhaps our statesmen will give way or be more or less gently removed from duty; perhaps our constitutions and statutes will be revised; perhaps our vested interests will submit to control without too violent resistance. It is difficult to believe that any of these will happen; it seems just as incredible that we may have a revolution. Yet the new kind of economic machinery we have in prospect cannot function in our present economy. The contemporary situation is one in which all the choices are hard; yet one of them has to be made.

Mr. AUSTIN subsequently said: Mr. President, I ask unanimous consent to have inserted in the RECORD, at the end of the very able speech of the Senator from Virginia [Mr. BYRD], an article by Mark Sullivan, a very shrewd observer, entitled "Action on Elevation of Tugwell Watched as Indicative of Trend."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune of June 6, 1934]

ACTION ON ELEVATION OF TUGWELL WATCHED AS INDICATIVE OF TREND—MARK SULLIVAN HOLDS APPROVAL OF "COLLECTIVIST" AS UNDER SECRETARY OF AGRICULTURE WOULD BE DEPARTURE IN AMERICAN POLITICAL PHILOSOPHY

By Mark Sullivan

WASHINGTON, June 6.—We shall have within a few days one of those signs on the surface which mark the course of the tide beneath, the tide in this case being the process of fundamental change through which America is being carried.

²⁴ Cf. the final chapter in Mr. John Dewey's *Philosophy and Civilization*, especially the passage on p. 329, in which he attributes our backwardness in social knowledge to our failure to use our already acquired skills in the interest of a shared abundant and secure life.

The steps which comprise this process can be recognized as a rule only by the comparatively few who understand the technique by which such changes are brought about. To an equal degree the outward evidences of the process, its successive stages, the concrete developments which mark its progress, are recognizable only by relatively few (until, of course, the change in social structure is complete).

AGRICULTURAL OFFICE WATCHED

One of these developments, one of the outward signs, is apparently just ahead of us. In the Department of Agriculture is a vacant post, Under Secretary, second to the Secretary. To this post President Roosevelt has promoted Prof. Rexford G. Tugwell, now Assistant Secretary. The appointment is before the Senate Committee on Agriculture for recommendation and in due course will come before the Senate for approval.

Both the committee and the Senate are controlled by one of the two great parties which are historic in America, which have provided America with its political principles and mechanisms for more than 70 years. If the appointment of Professor Tugwell is approved, it will then be possible to name that event and that date as a milestone. It will be the date on which one of the two great historic parties in America approved the appointment to a high office of an appointee representing a social and political philosophy wholly new to America.

Professor Tugwell's philosophy is collectivism. Designation of Mr. Tugwell as a collectivist is made by persons whose judgment in this field can hardly be disputed. One such judge is Mr. Walter Lippmann. Mr. Lippmann, I think it fair to say, is pre-eminently sympathetic to the new deal; he was an advocate of Mr. Roosevelt's election. Also, Mr. Lippmann has exact understanding of the terminology of the various experiments in social structure and government now being carried on in Europe and in the United States. Neither intellectually nor temperamentally, nor by such sympathy as he may have for the new deal, would Mr. Lippmann be likely to misjudge the category in which Professor Tugwell belongs.

LIPPMANN ON TUGWELL

Mr. Lippmann is listing and describing the political beliefs and social philosophies of various men and groups within the administration. Of Professor Tugwell he says:

"Then there is a group, among whom Professor Tugwell is the most conspicuous, who may, I suppose, fairly be called collectivist."

Mr. Lippmann's judgment that Professor Tugwell is a collectivist is shared by everyone I know who is equally competent to classify men in this field.

Professor Tugwell as Under Secretary of Agriculture will have no more power than he has in his present post as Assistant Secretary. His promotion, as such standing alone, will not materially accelerate the progress toward collectivism now under way. Professor Tugwell's leverage for action lies not in the rank of his official position but in his subtle and powerful mind. It lies also in the closeness of his association with President Roosevelt. " * * * In the public and congressional mind", wrote Mr. Arthur Krock in the New York Times, May 29, "he (President Roosevelt) and the professor are considered social and mental intimates."

It is not the promotion of Professor Tugwell that is important. The significance will lie in the fact—assuming it happens—that one of America's two great historic parties, acting through its representatives in the Senate, knowing Professor Tugwell to be a collectivist, confirmed his appointment to a high public office in which he would have opportunity to push forward his doctrines.

DIRT-FARMER OPPOSITION DECEIED

This aspect of whether the Senate confirms Professor Tugwell is so historically important that all other aspects are trivial and temporary. One who is opposing confirmation, Senator ELLISON D. SMITH, of South Carolina, Chairman of the Committee on Agriculture, puts his opposition on the ground that the professor is not a dirt farmer. That reason for opposition is demagogic and unworthy. Professor Tugwell's duties are mainly in the field of land policy, marketing, fixing quotas of production and sale, the processing tax, and the like. For such duties, having handled a hoe is no necessary experience.

It is true Professor Tugwell has not the experience that would equip him for his job, which would be training in business. Mr. Tugwell's experience has been wholly that of a teacher and writer. The real reason for Professor Tugwell's holding his present position and for his promotion is his relation to the new deal, especially the more radical part of it.

One who knows the new deal well and believes in it strongly. Mr. Ernest K. Lindley, sympathetic author of *The Roosevelt Revolution*, says: "Rexford G. Tugwell is the philosopher, the sociologist, and the prophet of the Roosevelt revolution, as well as one of its boldest practitioners; he has provided the movement with much of its rationale."

Another author, anonymous but with much inside information, who calls himself "Unofficial Observer" and wrote *The New Dealers*, says, "When you reach Tugwell, you come very close to the heart of the new deal."

These judgments about Professor Tugwell are borne out by newspaper observers. One of these, Mr. Frank Kent, of the Democratic Baltimore Sun, writing facetiously but with complete accuracy, says: "Dr. Tugwell is an irremovable part of the new deal * * *. He is the prime planner * * * with the most far-sighted schemes * * *."

There can be no doubt that approval of Professor Tugwell by one of America's two great political parties will be a historic departure.

Mr. NORRIS obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Nebraska yield to me for a moment?

Mr. NORRIS. I yield.

Mr. ROBINSON of Arkansas. With respect to the statement made by the Senator from Virginia [Mr. BYRD] that Mr. Tugwell, for the Department of Agriculture, conceded that the Department had exceeded its authority and placed an unwarranted interpretation upon the existing statute, I merely wish to say at this time that it is my information that in the administration of the act some doubts have arisen as to its true interpretation, as to the extent of the powers already conferred, and that the proposal for amendments, or at least for some of the amendments, was for the purpose of making clear the extent of the authority and the interpretation of the act. I do not understand that the Secretary of Agriculture, or the Acting Secretary, or anyone else in the Department, has made the declaration or expressed the opinion that its action has been in violation of the Constitution.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Just a moment. As might have been expected, questions have arisen as to the meaning of the act, and the Department officials are in doubt as to whether or not their interpretation of it is correct. The intention is to make clear the true meaning of the act.

I thank the Senator from Nebraska.

Mr. NORRIS. Mr. President, the Senator from Virginia [Mr. BYRD] is very anxious to have Dr. Tugwell answer his letter, which is now a week old, and desires to have the motion to discharge the committee defeated, so that Dr. Tugwell may be called before the committee and required to answer the letter.

I should like to suggest that in connection with any measure dealing with an agricultural product the committee can send for Dr. Tugwell, and then the Senator from Virginia probably can get an answer to his letter. It will not be necessary to defeat this motion in order to obtain an answer to his letter, which is now a week old.

Mr. BYRD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Virginia?

Mr. NORRIS. I yield.

Mr. BYRD. I should like to ask the Senator from Nebraska whether he thinks it should be necessary to call an official of the Government before a committee in order to obtain an answer to a courteous letter sent to him by a Senator of the United States?

Mr. NORRIS. No; I do not think so. If I could get an answer within a week to every letter I write, however, or if the thousands of men and women who write to me should receive answers within a week, they would be doing exceedingly well. If they should wait a month and then receive answers they would do well in many cases. I take it that in due time Dr. Tugwell will answer the letter.

If I had received a letter of that kind, I probably should not have answered it, because I would have realized that there were thousands of other and more important letters that I should have to answer, and they would take up all my time. [Laughter.]

But, Mr. President, I desire to call the attention of the Senate to the fact that, as I see the matter, and as I believe Senators will see it if they look at it carefully, the question of answering the letter of the Senator from Virginia has not anything to do with the motion which is pending before the Senate. As I see it, the confirmation of the nomination of Dr. Tugwell has not anything to do with the motion that is pending.

I should like to pause here to inquire of the Chair when it was that Dr. Tugwell's nomination was sent to the Senate.

Mr. ROBINSON of Arkansas. Mr. President, I can supply that information, if the Senator will yield.

The PRESIDING OFFICER. Will the Senator from Nebraska do so?

Mr. NORRIS. I yield.

Mr. ROBINSON of Arkansas. The record shows that the nomination was received on the 24th day of April 1934.

The PRESIDING OFFICER. The Chair is informed at the desk that the Senator from Arkansas is correct.

Mr. NORRIS. Very well.

On the 24th day of April Dr. Tugwell was nominated for the office of Under Secretary. I believe if I had to vote now, without any further information, I should vote against the amendment which provided for the office of Under Secretary. That matter has been debated here a great deal. I do not agree that the amendment was properly adopted. It ought to have been acted upon by the Agricultural Committee. I agree with the chairman of the committee in that respect. I find today, however—this is the first time I knew about it—that the Under Secretaries of other departments were provided for in the same way; so I have reached the conclusion that there has been no intention to show any disrespect to the Committee on Agriculture and Forestry, or to its chairman, by the method in which the amendment creating the office was agreed to, although I do not believe that was the proper way to agree to it, and without further information on the subject I am opposed to the establishment of the office.

I should like to say, however, that like the letter of the Senator from Virginia, as I see it, that has not anything to do with the question now before the Senate.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator.

Mr. CLARK. Of course, the statement of the Senator from Nebraska that the other under secretaryships have been created in the same way simply amounts to saying that there has been done by indirection in the creation of these other under secretaryships what could not be done directly.

Mr. NORRIS. I do not know whether it could have been done by direct action or not. At least, I conceive and believe it was not the right way to do it.

Mr. CLARK. I agree with the Senator entirely in that respect.

Mr. NORRIS. That should not control my vote, or the vote of any other Senator, on the motion pending before the Senate.

The Senator from South Carolina evidently was much aggrieved about the matter. I would not say—without the information, at least, which came today—that he was not justified in his feeling. Up to this day I had felt that way about the motion. I myself did not know that the creation of this position had been agreed to by the Senate. The motion was offered, and the result was had when I was not in the Senate. But that is water over the mill, and it has not anything to do with whether the committee should or should not take some action upon the nomination of Mr. Tugwell. The nomination was sent to the committee on the 24th day of April, and to this moment it has never been laid before the committee by the chairman.

The chairman says that any member of the committee could have made a motion at any time. I do not know whether any member could have done that or not. I have been laboring under the impression that the members could not do that.

Let me appeal to Senators, with their knowledge of the practice of the Senate and of the House in committees, and especially on nominations. I may be mistaken; I am speaking only from memory, but in all my service here I have never yet, either as chairman of a committee or as a member of a committee, known of a single, solitary instance where a nomination has been referred to a committee when the chairman of the committee did not lay the nomination before the committee.

Is not that the practice? I have been chairman of three committees in this body—two of them very important committees, and one of them a committee which has probably more nominations referred to it than any other committee in

this body. I refer to the Committee on the Judiciary. For a good many years I was chairman of that committee, and I think that if we counted them up we would find that during the time when I was chairman there were probably thousands of nominations referred to that committee. It never occurred to me that it was not the duty of the chairman to lay the nominations before the committee, without regard to what the chairman thought about them, whether he was in favor of them or opposed to them. Has not that been the experience of every other Member of this body?

I asked the Chairman of the Committee on Agriculture and Forestry a question an hour or so ago, as to whether he knew of an instance where that practice had not been followed, and I would be pleased to have any Senator now rise and interrupt me and tell me of a single instance where that has not been done. No one responds. I take it that no one can recall to mind a case where that has not been done. That is what is always done. That is the way we do business here.

Mr. SMITH. Mr. President, may I call the Senator's attention to the fact that the committees are more or less families, and man after man, as the Senator knows, has asked to have certain bills taken up, and asked to have certain nominations taken up. It is just as common as the meetings of the committees.

Mr. NORRIS. It is common as to bills, but not as to nominations.

Mr. SMITH. I beg the Senator's pardon.

Mr. NORRIS. I call the attention of Senators to the fact that the Judiciary Committee, for instance, while I presided as chairman, had before it nominations of judges for appointment to the Supreme Court of the United States, and nominations of judges for appointment to other courts, in some cases nominations which I opposed in the committee and on the floor of the Senate, and the record will show that some of the nominations were defeated. Never once was it necessary for a member of the committee to move that the committee consider a nomination.

With all that procedure, all that practice, running back for years, as a precedent, what would have happened if some member of the Committee on Agriculture had moved that we take up the nomination of Dr. Tugwell? The chairman of the committee said a while ago he thought the Senator from Montana made the request only in order to see him "blow up." Does any Senator suppose anybody would have blown up if we had made that motion? Was there ever a committee meeting called when the call showed that we were going to consider the nomination of Dr. Tugwell? Not one, so far as I have seen. Never once was such a notice sent out.

Would it have been proper, if there had been a committee call for a special purpose, to take up some other subject when the committee met? Suppose a Senator had received a notice which said, "We are to consider Senate bill so and so", and when he got there, he had asked the committee to take up some other bill; would that have been in order? I wish to call attention to the fact that there is serious doubt about that. Some Senators think it would have been, others think it would not have been.

If Senators will examine the record of the House of Representatives, they will find that that question was raised several years ago, and it aroused the country to quite an extent. It involved a very important bill, where a committee was called in special session by the chairman, after sending out notices to the effect that the committee was called to consider certain legislation.

When the committee met, some member of the committee moved to take up another bill which was not on the card notifying the members of the meeting, a bill for the consideration of which the committee had not been called together. The committee, by a majority vote, took up the bill in accordance with the motion. I have forgotten now what the outcome was in the House of Representatives, but there were at least two members of that committee who received the notice and did not attend the meeting of the committee.

They were opposed to the bill which was reported by the committee at that meeting, and if they had been there, the report would have been defeated. That was the record they made up, that a meeting had been called to consider one bill, and that the committee considered some other bill.

In the constitutions of most of the States it is provided that the Governor of the State may have authority to call special meetings of the legislature, and the constitution usually provides that when the legislature meets it shall consider only such legislation as the Governor included in his proclamation.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. SMITH. The Senator is a very valuable member of the committee of which I have the honor to be chairman. He knows, from his experience, that we sometimes call a meeting for a special purpose, and sometimes we do not, but he does not pretend to say that when we meet we do not consider other matters and other bills in addition to that for which we were called together, does he?

Mr. NORRIS. No; never in any sense since the Senator has been chairman of the committee.

Mr. SMITH. There never has been such a case, since I have been chairman.

Mr. NORRIS. I do not know what the chairman would have ruled if someone had said, "I object to that bill coming up because it is not included in the call." I do not know what would have happened.

Mr. SMITH. I have been a member of the committee on Agriculture and Forestry practically ever since I have been in the Senate. I never have heard the question discussed as to whether it was legal or illegal to depart from the specifications in the call.

Mr. NORRIS. We have had no call in this instance. I am tired of hearing Senators say, "If members of the committee wanted this nomination taken up, why did they not move to take it up?" It was not our duty to do so. Perhaps it was not the duty of the chairman to take it up. Perhaps it is within the province of the chairman to hold it indefinitely. That is what we are going to vote on. That is the question now before the Senate. If the pending motion shall be voted down, it will be practically a decision by the Senate that the chairman of the committee can put a nomination in his pocket, and carry it indefinitely, and never call the committee together to act on it, or ever lay it before the committee.

The Committee on Agriculture and Forestry does not hold regular sessions.

Mr. SMITH. Mr. President, the Senator has no right to make that statement.

Mr. NORRIS. All right; if that statement is wrong, the Senator can correct it.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from South Carolina?

Mr. NORRIS. I yield for a question.

The PRESIDING OFFICER. The Senator yields for a question.

Mr. SMITH. Mr. President, I do not think I can put what I desire to say in the form of a question. I rise to a question of personal privilege.

Mr. NORRIS. The Senator cannot take me off the floor in that way.

Mr. SMITH. I do not wish to take the Senator off the floor. I desire to suggest—

Mr. NORRIS. I yield if the Senator desires to ask me a question; and if the Chair and the Senate will permit, I will yield if the question does not exceed 15 minutes in length. I have no objection even to the Senator making a speech in my time if he desires to do so.

Mr. SMITH. I will take the floor in my own time and reply to the Senator who is rarely on the floor.

Mr. NORRIS. The Senator says I am rarely on the floor. That is an unkind remark to make. That, of course, ought to settle the vote on this motion.

Mr. SMITH. The Senator said he would yield to a question if it was not more than 15 minutes long.

Mr. NORRIS. If the Senator will permit me, I said I would answer the question. I am not objecting to the question. I realize, however, that if we go on as we are now, it will mean that other Senators will ask that I yield, and we shall have a dozen speeches in my time, and I do not want to have that done.

Mr. President, there are two kinds of meetings: regular meetings and special meetings. There have not been any regular meetings of the Committee on Agriculture and Forestry, as I understand, since the nomination of Dr. Tugwell has come to that Committee.

Mr. SMITH. There have been a dozen.

Mr. NORRIS. That may have been, but I did not know anything about them.

Mr. SMITH. The Senator is rarely there.

Mr. NORRIS. Will the Senator tell me now when the regular meetings of the Committee on Agriculture and Forestry are held?

Mr. SMITH. We have no regular meetings. Will the Senator let me say something within 15 minutes?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from South Carolina?

Mr. NORRIS. I do not have any objection, if the Chair will permit the Senator to do it. Do not ask me about it. Let the Senator address the Chair.

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from South Carolina?

Mr. NORRIS. I yield.

Mr. SMITH. We have had about a dozen meetings. I think the Senator has been at about one or two of them.

Mr. NORRIS. Mr. President, that is an unkind remark.

Mr. SMITH. Well, I ask the Senator not to be unkind to me.

Mr. NORRIS. That is an unkind remark, and it is not borne out by the facts.

I have not gone any further than the Senator from South Carolina, but I will take that up later, if necessary. If it is important to know who is present at the meetings, I will say that the meetings at which the most important hearings have been held during this session were held in the absence of the chairman himself.

Mr. SMITH. Because they involved questions in which other Senators were interested and I was not.

Mr. NORRIS. That may be. I do not dispute that at all. I sat there for days and days. I acted as chairman. I saw the Senator from Alabama [Mr. BANKHEAD] sit there and act as chairman in the absence of the regular chairman. He took the chair at the chairman's request. I do not criticize the chairman for his absence. He probably was doing more important things than we were doing who were there; but it ill becomes him to talk about absences. I asked the question, and I have received the answer. There have not been any regular meetings of the committee.

Mr. SMITH. We do not have them.

Mr. NORRIS. And there never has been a notice sent out that I have ever seen that advised us of a single meeting at which we were to take up the nomination of Dr. Tugwell—not one.

Mr. SMITH. I have already said so.

Mr. CLARK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield, and if so to whom?

Mr. NORRIS. No; Mr. President, I do not yield to anyone right now.

If we had regular meetings, such, for instance, as the Judiciary Committee has every Monday, I concede that at one of those regular meetings it would be in order for any member to move to take up anything which was before the committee; but if the Chairman of the Judiciary Committee were to call a meeting to take up the nomination of Mr. A, we will say, for Chief Justice of the United States, and should send out notices of a special meeting for that purpose, and when the special meeting convened if I should move to take

up a Senate bill, and there should be objection to it, I think the chairman would have to sustain the objection, because members of the committee who had been notified of the special meeting would have a right to believe when they received the notice that nothing would be taken up except that which was included in the notice.

Mr. CLARK. Mr. President, on that point will the Senator yield?

Mr. NORRIS. Yes; I yield.

Mr. CLARK. The Senator, of course, is perfectly familiar with the fact that as a matter of good practice, if a meeting were called for one purpose and a motion were made to take up any other business before the committee, it certainly would be in order to postpone the matter sought to be taken up to a time certain, and at a meeting called for that purpose. Does the Senator know of any motion ever being made in the Committee on Agriculture and Forestry, in all the meetings which the Senator has detailed since April 24, to take up the Tugwell nomination?

Mr. NORRIS. No; there was not any such motion made. I desire to say that I am opposed now to going to the Senator from South Carolina and saying to him, "Call a meeting for the purpose of considering the Tugwell nomination." I should have been afraid to do it before today for fear of seeing someone blow up at that request. He might have said, "That is my business. I am chairman of the committee. I do not need any advice of the committee to tell me what my duty is. I know what it is." I confess that it would have been embarrassing to make that kind of a request of the chairman, although, so far as I know, we are, and always have been, on the best of terms.

Mr. CLARK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska further yield to the Senator from Missouri?

Mr. NORRIS. I yield.

Mr. CLARK. I had no thought of suggesting that the Senator from Nebraska or any other member of the committee go to the chairman and request him to call a meeting; but every member of that committee had an undoubted right to bring up any matter pending before the committee.

Mr. NORRIS. I deny that. I deny that that is a certainty, at least. It may be true; but I am of the opinion—the Senate can judge for itself—that when a committee meeting is called for a special purpose, it is very questionable whether the committee has the right, if anyone objects, to take up another matter. Of course, if no objection is made, one can do anything, as we can do here in the Senate, by unanimous consent, when there are only two Senators present. If the point should be made, however, at a special meeting, I believe it would be the duty of the chairman to sustain it.

Mr. CLARK. Mr. President, may I ask the Senator one further question?

Mr. NORRIS. I yield.

Mr. CLARK. Does the Senator hold that if a committee meeting is called for the purpose of considering one measure which may be before the committee, it is not in order for any member of the committee on any occasion to move to make any measure or nomination a special order of business at a following meeting?

Mr. NORRIS. That might be true, because for that meeting there would be another notice sent out, which would suggest what was to be taken up. That is a different proposition.

Mr. CLARK. So the parliamentary right of any member of the Agricultural Committee who was in favor of Dr. Tugwell's confirmation was never exercised, and no attempt has been made to exercise it.

Mr. NORRIS. If the whole committee has been wrong, everyone has neglected his duty. That is all the more reason why the motion of the Senator from Arkansas should be agreed to and the committee discharged. That committee has had this nomination since the 24th day of April. Senators may blame the condition on the members of the committee if they desire to do so.

They may lay the blame wherever they please. The members of the committee have done nothing. It is admitted they have done nothing. They never have taken it up officially. It seems to me the only remedy on earth the Senate has, if it wants action, is to adopt the motion.

Mr. BLACK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Alabama?

Mr. NORRIS. I yield.

Mr. BLACK. I wish to ask the Senator a question. We have heard a great deal about the rights of the committee. There are many Senators who are not members of the committee. I think probably they might have some right to vote on this question, whether the motion was made in the committee or not. Would it be an insult to the committee, since they do not want to vote, if we should vote to discharge the committee and let us exercise our privilege and our right?

Mr. NORRIS. I do not think so; not at all.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield.

Mr. BARKLEY. Unfortunately I have been compelled to be absent during most of the debate on this matter. I should like to inquire whether the nomination has in any way ever been brought before the Committee on Agriculture and Forestry.

Mr. NORRIS. It is my understanding that it has not been.

Mr. BARKLEY. Has it ever been mentioned?

Mr. NORRIS. Oh, yes; it has been mentioned.

Mr. BARKLEY. Was any subcommittee ever appointed to consider it?

Mr. NORRIS. The nomination has never been laid before the committee.

Mr. BARKLEY. Ordinarily, in committees where nominations are pending, if there is opposition to the nominee or to a report, a subcommittee is appointed to look into the matter. Was any subcommittee appointed in this case?

Mr. NORRIS. Oh, no; it has never been considered in that way.

Mr. BARKLEY. I may be entirely wrong in my conception of the functions of a committee, but it has always been my understanding that a committee is the servant of the Senate and not the master of the Senate. Am I right about that?

Mr. NORRIS. I think so. That is my idea.

Mr. BARKLEY. If that be true, does not the Senate owe itself a duty to give itself an opportunity to pass upon a nomination which a committee will not report to it?

Mr. NORRIS. I have tried to say that. I do not think the adoption of the motion of the Senator from Arkansas is an insult to the committee. I do not look at it that way. The committee has had the nomination since the 24th day of April. If the Senate wants to take it away from the committee, it certainly has the right to do it. Even if the committee was busy every day with other business, or if it had had hearings on it and found it impossible to reach a conclusion, the Senate would have that right. I think the Senate has a perfect right to take back the nomination at any time. I would not feel offended if it did so. I am going to vote for the motion. I am a member of the committee. I do not feel that the chairman of the committee would have any right to feel offended.

Mr. GLASS and Mr. ROBINSON of Arkansas addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I yield first to the Senator from Virginia, who rose first.

Mr. GLASS. I merely want to suggest that there are 75 Members of the Senate who are not members of the Committee on Agriculture and Forestry. Some of us—I know I am one—would like to know what are the objections to Dr. Tugwell, if there be any.

Mr. NORRIS. Let me answer that question before the Senator proceeds further. I said in the beginning that I think the qualifications of Dr. Tugwell have no bearing upon the pending motion. If the motion is adopted, the nomination of Dr. Tugwell will be placed on the calendar. The adoption of the motion would not confirm Dr. Tugwell.

Mr. GLASS. Yes; but the Senator knows perfectly well that the Senate in open executive session cannot get information that may be desirable as to the qualifications of Dr. Tugwell. I agree that the committee should have acted before now, because it was a matter of common notoriety that Dr. Tugwell has been nominated for the position, and that there were objections of different nature as to his qualifications for the position. The committee should have had hearings and reported to the Senate. There are those of us who are not members of the Committee on Agriculture and Forestry who happen not to be well informed with reference to the objections to Dr. Tugwell. Some of us are not quite informed as to his qualifications at all, and yet we are supposed to vote upon a question about which I, at least, know nothing, and I venture to say other Senators do not know about it.

Mr. NORRIS. That may be true, and the alternative to that is to do nothing, to adjourn and go home and let the nomination of Dr. Tugwell go by the board.

Mr. GLASS. No; that is not the alternative. It has been suggested by the distinguished Senator from Kentucky that the committee is the servant of the Senate and the Senate is master of the committee. If that be so, if the Senate is master of the committee, why may we not direct the committee to hold a meeting, have hearings, and report the nomination back by a given date?

Mr. NORRIS. I presume that could be done.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. NORRIS. I yield.

Mr. ROBINSON of Arkansas. I should like to know whether or not it would meet the approval of the Senator from Nebraska and other Senators if the motion were referred to the Committee on Agriculture and Forestry with instructions that the nomination be reported to the Senate on Monday. Would that meet the approval of the Senator from Virginia?

Mr. BYRD. If the Senator will make it Tuesday, that would be quite agreeable to me.

Mr. ROBINSON of Arkansas. Very well; Tuesday noon.

Mr. President, I ask unanimous consent, with the permission of the Senator from Nebraska—

Mr. NORRIS. Will the Senator wait a moment before he submits his request?

Mr. ROBINSON of Arkansas. Certainly.

Mr. NORRIS. I want to say in conclusion, and then the Senator from Arkansas may submit the request, that I have no interest in the nomination. I have no interest any more than any other Senator in what action the Senate may take. I am willing that the Senate take any action it sees fit. I believe if the Senator from Arkansas had not made the motion we would have ended the session without any action. It seems to me only fair to the committee, to the Senate, to the President, and to Dr. Tugwell that we should vote on the nomination one way or the other. That is the only interest I have in it.

I yield now to the Senator from Arkansas to enable him to submit his unanimous-consent request.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the pending motion be referred to the Committee on Agriculture and Forestry with instructions to report on the nomination of Rexford G. Tugwell not later than 12 o'clock noon, Tuesday next.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas?

Mr. DILL. I object.

Mr. ROBINSON of Arkansas. I hope the Senator will not do that.

Mr. DILL. I object. I shall not consent to anything with reference to Dr. Tugwell.

The PRESIDING OFFICER. Objection is heard.

Mr. ROBINSON of Arkansas. Mr. President, it is perfectly apparent that unless some arrangement of this kind be entered into we shall get nowhere with the matter. In view of the objection, I move that my motion to discharge the committee be referred to the Committee on Agriculture and Forestry with instructions to report on the nomination of Rexford G. Tugwell to be Under Secretary of Agriculture, not later than 12 o'clock noon Tuesday next.

Mr. CLARK. The motion is that the committee report on the nomination?

Mr. ROBINSON of Arkansas. Yes; that is my request.

Mr. BYRD. The committee may report it either favorably or unfavorably, of course.

Mr. ROBINSON of Arkansas. Of course, we could not instruct the committee to report either favorably or adversely. The object of the motion, of course, is to get the nomination before the Senate. I ask that my motion be submitted to the Senate.

Mr. MCGILL. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Yes; I yield.

Mr. MCGILL. The Senator does not include in his motion anything with reference to a meeting of the committee. I presume the committee will meet tomorrow. I think we should meet tomorrow.

Mr. ROBINSON of Arkansas. If the instructions shall prevail, the committee will meet at its pleasure, and it will be obligated to report by noon on Tuesday.

Mr. SMITH. Mr. President, as chairman of the committee, if I am instructed to do so by the Senate—and I presume the members of my committee will vote "yea"—I will call the committee in session on Monday morning at 10 o'clock, and, if they desire, we will stay in session all day Monday and all Tuesday morning up until the time of voting and have a report here at 12 o'clock on Tuesday.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I desire the attention of the Senator from Virginia [Mr. BYRD]. During the course of his remarks he made a statement in criticism of Dr. Tugwell to the effect that he, the Senator from Virginia, had addressed to Dr. Tugwell about a week ago a letter to which he had not received an answer. Since that statement was made I have been informed that Dr. Tugwell has answered the letter, and that his reply to the letter of the Senator from Virginia is in the mail.

Mr. President, I now move that the Senate return to the consideration of legislative business.

The motion was agreed to; and the Senate resumed legislative session.

PROTECTION OF DEPOSITORS—ARTICLE BY FRANK B. CAHN

Mr. TYDINGS. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Baltimore Evening Sun of February 3, 1933, by Frank B. Cahn, entitled "On Protecting Depositors."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ON PROTECTING DEPOSITORS

By Frank B. Cahn

In discussing the enactment of a new State banking law, some of the underlying principles which must be the foundation of any such legislation should be considered. The following are axiomatic: (1) The protection of the depositor is paramount to any and all other considerations; (2) no person, partnership, or corporation has the unconditional inherent right to engage in the business of receiving banking deposits; (3) all persons, partnerships, and corporations, engaged in such banking; are quasi-public institutions charged with a public trust; (4) capital invested in depositary banking is entitled to a reasonable return, consonant with the trust character of the business of accepting deposits. Having in mind these cardinal principles, any proposed banking legislation should consider the safeguards to the public which are outlined below.

As there is no inherent right to engage in depositary banking for private profit, all persons (using "person" in the broad sense of individuals, partnerships, and corporations) who are privileged

to receive deposits either as checking or as thrift accounts should be required to make public statements, at frequent intervals, of their financial condition. While many of the private depository banking firms are soundly managed, and enjoy the confidence of the public, acquired through years of honorable and fair dealing, nevertheless there has been many failures among small firms who have set themselves up as private bankers. The number of these insolvencies could have been lessened by a statutory requirement of periodic examination and frequent public reports of financial condition.

No matter how profitable a banking institution may be, the depositor in no way participates, save in the case of mutual-savings banks. The incentive of profit to the stockholders and proprietors of banks is the usual cause of engaging in unjustified expansion and hazardous undertakings. It is the underlying reason for the direct conflict between the interest of the depositor and the bank.

Some attempt has been made to restrain dangerous activities of banking institutions by the statutory liability of stockholders, imposing an additional liability for a sum equivalent to the par value of the stock which they hold. In street parlance, this is generally known as the "double liability." This double liability, which is in the nature of a guaranty fund for the protection of depositors, has proved ineffective for three reasons. First, it can be and is evaded. Second, it is often uncollectible. Third, the capital of the institution bears no direct relation to the volume of deposits.

Evasion of double liability is effected by carrying bank stocks permanently in the names of dummies, or by making transfer to financially irresponsible persons prior to the time that statutory liability attaches. As a matter of experience, double liability has afforded little or no protection to bank depositors. Statistics show that rarely more than 30 percent of this supposed guaranty fund is ever collected. Recent unpleasant banking experiences in Maryland have emphasized this situation.

Another method of evading the double liability is through the practice of forming holding companies. A holding company may be formed to hold the entire stock of a bank, distributing its own shares in lieu of the bank's shares. Such a holding company has little or no assets, aside from the shares of the specific bank, in its portfolio. A judgment secured against the holding company, in event of insolvency of the bank, is worthless, and the entire double liability to which depositors look as a source of protection, has no effective value.

Full protection to depositors is not secured when a bank has a relatively small capitalization and a large surplus; in other words, a bank having \$500,000 capital assets may have the par value of its stock represented by \$100,000, and have the remaining \$400,000 in its surplus and undivided profit account. In such a case the depositors have the protection of but \$100,000 double liability.

To permit a bank, irrespective of the amount of its capital assets, to receive an unlimited volume of deposits is to deprive the depositor of reasonable protection. It is suggested that a depository bank should be prohibited from accepting a volume of deposits in excess of some fixed ratio to its net current assets. (The term "net current assets" excludes real-estate holdings, furniture and fixtures, and other assets of a similar type, which are not readily realizable.) A practical illustration of the desirability of some established ratio is evidenced by the fact that in some instances deposits in Maryland have been in the ratio of approximately 50 to 1. Notwithstanding the normal soundness of the assets of such a corporation, a shrinkage of 2½ percent in its investments would wipe out the entire current capital—the cushion supposed to protect depositors. No matter how ably such an institution may be managed, its survival is only a matter of luck.

In such a situation where a large volume of deposits is maintained, with a small current capital, the interest of the bank comes into direct conflict with that of the depositor. It is self-evident that the smaller the capital and the larger the volume of deposits, the greater will be the leverage for profit for the bank, and conversely, the depositor's protection is proportionately decreased. A study of many metropolitan banks which are deemed to be sound reveals that the volume of deposits ranges from a minimum of 3½ times to a maximum of 10 times net current assets.

This conflict between the interest of the depositor and that of the bank is further illustrated by the modern practice of depository banks of setting up affiliated investment corporations. These corporations are used for market operations in stocks and bonds. Through the medium of affiliates there is a possibility, as happened in the years 1928-29, of large profits to the bank in which the depositor has no participation; yet if the capital of the bank is jeopardized by such operations, the protection of the depositor is forfeited.

In connection with thrift or savings deposits particularly, the State should feel the utmost solicitude. Excellent protection and safety have attended thrift- and savings-bank deposits with mutual savings banks. While it may not be desirable to limit savings and thrift deposits to mutual savings banks, other institutions receiving such deposits should be required to segregate the assets representing such deposits, from the general assets of the institution. Such assets should be earmarked as "trust funds" for the benefit of savings depositors, and investments of moneys so deposited should be restricted. Massachusetts, New York, and other States have placed such statutory restrictions upon the investment of savings funds.

It is admittedly much easier to point out the defects of a banking system than to suggest legal, adequate, and appropriate remedies which would protect the depositor, and not impose unnecessary hardship upon the banking institutions. One of the difficulties arises out of the problems involved in the dual banking

system of State and National banks in force in this country. The Supreme Court of the United States, in the case of Easton against Iowa, decided that no State law could constitutionally regulate the operations of a national bank. Consequently, if the restrictions imposed through a State law are more burdensome than those imposed by national legislation, State institutions would probably apply for national charters.

There are also many forceful arguments against the desirability of attempting to regulate public-service institutions by means of detailed legislation. This has been recognized in the establishment of the public service commission which regulates public utilities, such as electric, gas, and telephone companies. Banks are also quasi-public institutions; therefore it seems reasonable to apply this precedent to the regulation of banks. Such a commission should have authority to establish ratios of current net assets to deposits; to promulgate regulations governing the segregation of thrift and savings accounts from general commercial deposits; to restrict or prohibit loaning of funds to directors or officials of institutions; to authorize the establishment of new banks for public convenience and necessity; to supervise clearing houses; to maintain an auditing department; and generally to regulate the conduct of the business in the interest of the public.

Delegating such authority to a commission would be better than crystallizing by detailed legislation the views of the moment. It would provide flexibility in times of emergency which would not otherwise be secured.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 11 a.m. tomorrow.

The motion was agreed to; and (at 6 o'clock and 33 minutes p.m.) the Senate took a recess until tomorrow, Saturday, June 9, 1934, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate June 8 (legislative day of June 6), 1934

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO CAVALRY

First Lt. John Lyman Hitchings, Air Corps, with rank from September 16, 1929.

PROMOTIONS IN THE REGULAR ARMY

TO BE COLONELS

Lt. Col. William Alexander McCain, Quartermaster Corps, from June 1, 1934.

Lt. Col. John Knowles Herr, Cavalry, from June 1, 1934.

TO BE LIEUTENANT COLONELS

Maj. Isaac Edwin Titus, Chemical Warfare Service, from June 1, 1934.

Maj. Arnold Norman Krogstad, Air Corps, from June 1, 1934.

Maj. Eley Parker Denson, Infantry, from June 1, 1934.

TO BE MAJORS

Capt. Alan Lockhart Campbell, Field Artillery, from June 1, 1934.

Capt. Edwin Wolsey Grimmer, Infantry, from June 1, 1934.

Capt. Donald Langley Dutton, Coast Artillery Corps, from June 1, 1934.

Capt. Frederick Harold Leroy Ryder, Cavalry, from June 1, 1934.

Capt. Lloyd Davidson Brown, Infantry, from June 1, 1934.

Capt. George Jackson Downing, Field Artillery, from June 1, 1934.

Capt. Wallace William Crawford, Field Artillery, from June 1, 1934.

TO BE CAPTAINS

First Lt. William Lewis Boyd, Air Corps, from June 1, 1934.

First Lt. Leon Edgar Sharon, Air Corps, from June 1, 1934.

First Lt. Clarence Redmond Farmer, Infantry, from June 1, 1934.

First Lt. Ivan Lewis Proctor, Air Corps, from June 1, 1934.

First Lt. Delmar Hall Dunton, Air Corps, from June 1, 1934.

First Lt. Orvil Arson Anderson, Air Corps, from June 1, 1934.

First Lt. Emile Tisdale Kennedy, Air Corps, from June 1, 1934.

First Lt. Robert Benjamin Hood, Field Artillery, from June 1, 1934.

First Lt. James Joseph Harris, Quartermaster Corps, from June 1, 1934.

First Lt. Charles Franklin Fletter, Quartermaster Corps, from June 1, 1934.

First Lt. Roy Milton Thoroughman, Infantry, from June 1, 1934.

TO BE FIRST LIEUTENANTS

Second Lt. Robert Albert Howard, Jr., Infantry, from June 1, 1934.

Second Lt. Thomas Joseph Counihan, Field Artillery, from June 1, 1934.

Second Lt. Ephraim Hester McLemore, Field Artillery, from June 1, 1934.

Second Lt. James Easton Holley, Field Artillery, from June 1, 1934.

Second Lt. Frederick G. Stritzinger, 4th, Field Artillery, from June 1, 1934.

Second Lt. Robert Falligant Travis, Air Corps, from June 1, 1934.

Second Lt. John Dabney Billingsley, Ordnance Department, from June 1, 1934.

Second Lt. Thomas Joseph Cody, Signal Corps, from June 1, 1934.

Second Lt. Robert George Butler, Jr., Coast Artillery Corps, from June 1, 1934.

Second Lt. Carl Herman Sturies, Signal Corps, from June 1, 1934.

Second Lt. Joseph Anthony Michela, Cavalry, from June 6, 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 8 (legislative day of June 6), 1934

UNITED STATES ATTORNEY

Fred A. Isgrig to be United States attorney for the eastern district of Arkansas.

UNITED STATES MARSHAL

Virgil Pettie to be United States marshal for the eastern district of Arkansas.

POSTMASTERS

ALABAMA

Madge S. Jefferies, Citronelle.
Kate B. Patterson, Falkville.
Ella L. Rentz, Gilbertown.
Alba Freeland, Grand Bay.
J. Thomas Martin, Jacksonville.
Emma E. Yarbrough, Monroeville.
Herman Grimes, Pine Apple.
Lorenzo D. McCrary, Prattville.
Alice Armstrong, Stevenson.
Joe H. Kerr, Wedowee.
William H. McDonough, Whistler.

ARKANSAS

Cecil H. Justus, Tyronza.

CALIFORNIA

Roy W. Scott, Baldwin Park.
Alice E. Schieck, Eldridge.
William M. Erwin, Hanford.
Magdalena Seawell, Healdsburg.

COLORADO

Harry J. Bender, Edgewater.

GEORGIA

Walter R. Cannon, Clayton.

HAWAII

Ernest Rapozo, Kapaa.

IDAHO

Rose J. Hamacher, Spirit Lake.

INDIANA

Thomas S. Stephenson, Leavenworth.
Paul E. Byrum, Milltown.

KENTUCKY

Thomas A. Spalding, Bardstown.
George A. Buckner, Blue Diamond.
Willis Conley, Garrett.

NEBRASKA

Charles J. Carrig, Columbus.
Lorraine M. Corey, Homer.
Marie Weekes, Norfolk.
Vera J. King, Primrose.
Frank R. Hall, St. Edward.
John J. Burns, Scotia.
Josh B. Keene, Sumner.
John D. Juilfs, Talmage.

NEW JERSEY

Jacob Garrison, Cape May Court House.
Nelson Pickel, Clinton.
Phillip L. Fellingner, East Orange.
William D. Hayes, Millburn.

TENNESSEE

William I. Easley, Bruceton.
James W. Stout, Decaturville.
Thomas G. Hughes, Jackson.
Robert L. Oakes, New Tazewell.
Loraine Adkins, Wartburg.

VIRGINIA

Isaac P. Weston, Jonesville.
Joseph Schmidt, Yorktown.

WEST VIRGINIA

Jennings B. Campbell, Albright.
Wilson P. Barlow, Buckhannon.
Clarence L. Perkins, Gassaway.
John B. Puryear, Jr., Holden.
John W. McNabb, Paw Paw.
William C. Bishop, Scarbro.
Bess M. Gwinn, Thurmond.
John A. Bursee, West Liberty.

WISCONSIN

Julia L. Quigley, Arena.
Raymond Dufek, Denmark.
Archie A. Veness, Exeland.
Melvin I. Dunn, Fall River.
Fern Dagnon, Ferryville.
Ethel E. Welch, Gleason.
Birnam M. Walker, Hancock.
Earl L. Persons, Lake Nebagamon.
Walter E. Smith, Lodi.
Cleveland N. Akey, Port Edwards.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 8, 1934

(Legislative day of Monday, June 4, 1934)

The recess having expired, at 11 o'clock a.m. the House was called to order by the Speaker.

PRE-TRAINED LEGISLATORS IN CONGRESS

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to append thereto an article from a magazine known as "State Government." It is of some importance. It gives the names of a number of Members of Congress who had previous service in State legislatures and analyzes them. It is not very long and would be informative to the House and to the country at large.

Mr. RICH. Mr. Speaker, I reserve the right to object. It is really a tabulation of the Membership of the House, showing their former status as State legislators.

Mr. O'CONNOR. Exactly.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, State Government, a magazine published by the American Legislators' Association, comprising 500 State legislators, contained in its May num-